
BUSINESS

BUSINESS OVERVIEW

Our Group is principally engaged in the management, as well as the organisation, of exhibitions and the provision of Exhibition Related Services for other exhibition organisers or project managers. Our services mainly facilitate trades between international buyers and Asian manufacturers, through the exhibitions organised or managed by us. Our customers in relation to management and organisation of trade exhibitions mainly include (i) exhibitors which we sell our booths directly to or referred by our sales agents, and (ii) the exhibition service agents who purchase our booths and resell such booths to the exhibitors. For exhibitions which we provide Exhibition Related Services only, our customers are the exhibition organisers and/or project managers when we provide management services; and our customers are the exhibitors or other agents which we sell the booths to when we provide agency services. Our exhibitors participated in trade exhibitions organised or participated by our Group either by lodging applications with our sales team or to our appointed Agents. Exhibitions that we participated were held in Hong Kong, Singapore, the PRC, the US, Germany, Russia and the UK.

Our principal business activities

Our Group provides management and organisation services and other Exhibition Related Services. Our operations could be generally categorised into two segments detailed below:

1. **Management and organisation of exhibitions:** For exhibitions which we act as the organiser or project manager, our scope of work ranges from planning, management and execution of the entire exhibition including handling initial exhibition theme planning and relevant feasibility study, booth construction management, pre-sales preparation, sale of booths, marketing and advertising of the exhibition, operation and on-site management of the exhibition and post-exhibition review. In the circumstances where we act as the organiser or project manager of the exhibition, our revenue is mainly derived from the sale of booths to exhibitors and/or exhibition service agents.

During the Track Record Period, for each exhibition which we acted as organiser we entered into licence agreement with the venue provider, and for each exhibition which we acted as project manager, we cooperated with the organiser(s) of the relevant exhibition, which were the holder(s) of venue licence.

2. **Provision of Exhibition Related Services:** In the circumstances where we provide Exhibition Related Services (which are not agency services), our revenue is derived from the service fees which are determined based on commercial negotiation between us and the organisers or project managers.

If we provide agency services, we purchase booths from the organisers of the exhibitions and resell to the exhibitors or other agents directly, and our revenue is derived from the sale of booths to exhibitors or other agents directly, which are our customers.

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Roles that our Group took up in the management and organisation of exhibitions and the provision of Exhibition Related Services during the Track Record Period included the following:

	Role	Duty included	Major income source	Major expenses items
Management and organisation of trade exhibition	Project manager	Planning, management and execution of the entire exhibition including handling initial exhibition theme planning and relevant feasibility study, pre-sales preparation, sale of booths, marketing and advertising of the exhibition, operation, booth construction management and on-site management of the exhibition and post-exhibition review	Sale of booths	Share of revenue from sale of booths payable to organiser, booth construction fees, advertising fee, commission payable to agents, salary and office overhead
	Organiser	<ul style="list-style-type: none"> • Leasing of exhibition venue • Planning, management and execution of the entire exhibition including handling initial exhibition theme planning and relevant feasibility study, pre-sales preparation, sale of booths, marketing and advertising of the exhibition, operation, booth construction management and on-site management of the exhibition and post-exhibition review 	Sale of booths	Venue rental, exhibition co-operation expenses payable to organising partners, booth construction fees, advertising fee, commission payable to agents, salary and office overhead
Provision of Exhibition Related Services	On-site manager	On-site management of the exhibition	Service fee	Salary and office overhead
	Booth manager	Booth construction management of the exhibition	Service fee	Salary and office overhead
	Sub-manager	Operation, booth construction management and on-site management of the exhibition	Service fee	Salary and office overhead
	Agent	<ul style="list-style-type: none"> • Sale of booths • Booth construction management if necessary 	Sale of booths	Salary, sales commission of sales staff and office overhead

Exhibitions participated by our Group

According to the Industry Report, the Mega Show Part I managed by us during 2012 ranked second in terms of number of exhibitors in Hong Kong. Please refer to the table in the paragraph headed “Exhibitions participated by our Group” in this section for details of the exhibitions we participated during the Track Record Period and up to the Latest Practicable Date.

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Operating workflow of exhibition managed or organised by our Group

Generally, the exhibitions managed or organised by us involved the following procedural flow and principal steps:

1. theme proposal and feasibility study and venue selection;
2. preparation before the exhibition;
3. management and coordination during the exhibition; and
4. post-exhibition review.

Details of our involvement in each principal step are set out in the paragraph headed “Operation workflow” in this section.

COMPETITIVE STRENGTHS

Our Group has an experienced management team

We consider the strength of our management team to be fundamental to our success. Mr. Lee, our founder, chairman and executive Director, has over 26 years of experience in the exhibition industry in Hong Kong. Prior to the founding of our Group, Mr. Lee started his career in the exhibition industry back in 1978 when he joined HKTDC. During his tenure with HKTDC for more than 23 years, he took up various roles in the past as executive trainee, market officer, exhibition services manager and assistant executive director and was last promoted to director of exhibitions and publications. Members of our management team, including Mr. Si Tze Fung, our executive Director, who oversees the overall management of our business operations, and Mr. Tsui Wai Lun, Mr. Tse Wing Keung and Mr. Khan Javed Iqbal, who oversee our operations and sales functions, have on average more than 10 years of experience in the exhibition industry. For further details regarding the experience of our management team, please refer to the section headed “Directors, senior management and staff” in this prospectus.

We believe that the extensive experience of our management team and their industry knowledge and in-depth understanding of the market enables us to assess market trends and requirements of exhibitors and visitors, as well as to evaluate and manage our exhibitions efficiently. Our management team’s experience and understanding of the industry also enable us to improve on our existing exhibitions presentation and to venture into new exhibition themes, which, in turn, would increase existing exhibitors’ and visitors’ satisfaction, develop relationship with new exhibitors and visitors, and foster our business development.

Proven business track record of exhibitions managed or organised by us

Since 2009, when our Group began to act as the project manager and also provide Exhibition Related Services for the Mega Shows, the Mega Shows had attracted a large number of exhibitors and visitors with over 4,000 exhibitors and 55,000 visitors each year respectively. During the Track Record Period, we also improved the overall attractiveness of the Mega Shows by introducing different theme zones for easier access by our visitors and selecting the exhibitors to participate in the exhibitions.

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According to the Industry Report, the Mega Show Part I held in 2012 ranked second in terms of number of exhibitors in Hong Kong. Our Directors consider that the proven attendance rate of the Mega Shows and our continuous improvements on various aspects of the Mega Shows maintain the Mega Shows' competitiveness in the market.

During the Track Record Period, our Group also organised the Singapore Asia Expo in Singapore in November 2011 and 2012 with 福建蒼源國際展覽有限公司 (Fujian Huiyuan International Exhibition Co. Ltd.*), an Independent Third Party, as well as managed the Berlin Expo in February 2012 and organised the Berlin Expo in February 2013 respectively. In August 2012, our Group organised the first Vegas Expo in Las Vegas, Nevada, the US. As at the Latest Practicable Date, our Directors expected that we would continue to organise these exhibitions annually, save as the Vegas Expo 2013 to be postponed to 2014.

Extensive network and connections in Asia

Our sales and marketing functions are principally handled by our sales team in Hong Kong. In addition, our Group has arrangements with the Agents on project basis in, among others, the PRC, Taiwan, India, and Thailand to promote the exhibitions organised or managed by us. The Agents in these areas will help our Group to recruit exhibitors for the exhibitions and they will also disseminate information about such exhibitions to potential exhibitors and visitors. Also, as our Agents are familiar with their local industry markets, they will provide us with local information regarding the local economy and market which we would be able to use to understand the needs of exhibitors and whether there are any demands for any type of exhibitions to be held in their locations.

Trade or governmental organisations in some areas in Asia, including the PRC and Bangladesh, may also provide funding to exhibitors in their respective countries to participate in exhibitions. We believe we could promote exhibitions organised or managed by us and tap into such incentives through the efforts of our Agents located in such places. Our Directors understand that during the Track Record Period, certain exhibitors from Asian countries received funding incentives from local trade or governmental organisations when they participated in the exhibitions organised or managed by us. We believe that apart from our agency network in Asia, these local trade or governmental organisations also provide resources to local exhibitors which in effect help expand our customer portfolio in Asia by encouraging new exhibitors or existing exhibitors to participate or continue to participate in our exhibitions.

One-stop exhibition management and organisation services

Our Group is principally engaged in the management, as well as the organisation, of exhibitions. Exhibitions managed or organised by us promote and facilitate trades between international buyers and manufacturers, particularly manufacturers from Asia. We are capable of providing one-stop and value-added services to cater for our customers and target visitors of exhibitions that are managed or organised by us to facilitate their participation in the event. We engage booth contractors for each exhibition to construct booths for exhibitors and the booth price that our exhibitors paid for participating in the exhibitions would be inclusive with furnished booths. We would also recommend freight forwarders for each exhibition so that exhibitors could make logistics arrangements more efficiently. During the Track Record Period, we also provided advertising service to exhibitors for promoting and marketing their own products in our fair catalogue.

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We believe that for the exhibitions we managed or organised, the availability of our services to exhibitors, including design of exhibition booths, arrangement of exhibition booths construction, logistics services for the transportation of their products and advertising services enables us to serve our customers efficiently and we believe such value-added services could enhance customer satisfaction and attractiveness of such exhibitions which, in turn, might attract more participants to such exhibitions. We also believe that our one-stop services allow us to plan our exhibitions more efficiently with support in every stage of the exhibition.

Our experience in managing and organising exhibitions internationally

Our Group organised Singapore Asia Expo in 2011 and 2012, managed the Berlin Expo in 2012, organised the Berlin Expo in 2013, and organised the Vegas Expo in 2012. Our Directors expect to continue to organise these exhibitions annually, save as the Vegas Expo 2013 to be postponed to 2014.

During the Track Record Period, our Group also acted as agent for other trade exhibitions in Russia and the PRC and provided other Exhibition Related Services to the London Asia Expo.

Our experience in the management and organisation of international exhibitions and provision of agency services to international exhibitions provides our Group a step into the international stage in the exhibition industry. For example, experience in Berlin Expo, Singapore Asia Expo and Vegas Expo would enable us in the future to manage and organise similar exhibitions in other parts of the world, or exhibitions with a different theme in such places since we have already built up our network in these areas with sales agents and exhibition service agents and other contractors through such exhibitions.

Riding on our Group's extensive network and connections of exhibitors and Agents in Asia, our Group is able to continue to attract exhibitors and visitors from new markets such as India and Korea. Our Directors believe that under the current development trend of the economies of these countries, visitors from these countries will be interested in attending our exhibitions in order to source products for importing into their home countries, and manufacturers from these countries will be interested in joining our exhibitions as exhibitors in order to promote their own products developed in their respective countries for export to other places of the world. Furthermore, as we are continuing to develop our exhibitions held overseas, our Group will provide a platform for Asian exhibitors to display and showcase their products before visitors from various developed markets such as North America and Europe. Furthermore, it is our Directors' view that it would be more convenient for those visitors from Europe and North America who do not travel to Asia frequently to visit our overseas exhibitions in order to source products from these Asian manufacturers. Our Directors believe that (a) the increase in diversity of exhibitors and visitors, and (b) the expansion of our exhibitions into other parts of the world, will continue to boost the awareness of our Group's trade exhibitions and hence would continue to drive the growth of our Group's trade exhibitions.

BUSINESS STRATEGIES

It is our business goal to promote and facilitate trades between international buyers and manufacturers, particularly those from Asia, through the trade exhibitions managed or organised by us. To achieve our business goal, we plan to build on our competitive strengths to expand and improve our existing trade exhibitions, introduce new exhibitions and broaden our exhibition management expertise and exposure. We believe these will also further strengthen our market position in the exhibition industry in both Hong Kong and overseas and to expand the themes of the exhibitions to be managed or organised by us.

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Expansion and improvement on existing trade exhibitions

During the Track Record Period, our Group acted as, among others, organiser and project manager of various exhibitions. Our Group provided organisation and project management services to the Mega Shows during the Track Record Period. Our Group plans to further develop and expand our services for existing exhibitions.

We intend, as the organiser of the Mega Shows in 2013, to further improve the overall management of the Mega Shows, enhance its reputation and ranking, and to ultimately improve its attractiveness to existing as well as new exhibitors and potential visitors. We plan to achieve this by introducing different themes into the exhibitions and improving the overall layout of exhibitions to make it more efficient and informative to potential visitors. We believe these could increase visitors' attendance during the exhibitions and, in turn, could facilitate trading activities resulting from the exhibitions. In the future, we may further expand the existing sub-themes in the exhibitions and we may also add more groupings of exhibitors according to the region of the exhibitors, for example, Southeast Asia and Europe, so that potential visitors would be able to locate their target exhibitor group more effectively in the exhibition.

Similar to the Mega Shows, it is our intention to further improve on the overall management of the Singapore Asia Expo, Berlin Expo and Vegas Expo and to improve their attractiveness to existing and new exhibitors and potential visitors. We also plan to introduce new themes to these existing exhibitions. As these exhibitions were only first launched recently, we also plan to increase our promotion and marketing efforts to promote these exhibitions and to attract more exhibitors and potential visitors by placing more advertisements in trade magazines published in the relevant places, and to recruit additional Agents if appropriate.

Development of new exhibitions

We also plan to utilise our experience and expertise, both from our Group's business operation track record and of our senior management, in the exhibition organisation industry and apply our business model to develop new exhibitions in other areas of the world. Our Group believes that we can leverage on our good relationships with our Agents in the Asian region to venture into new markets and develop new exhibitions to achieve our goal of bringing international buyers to Asian manufacturers. As at the Latest Practicable Date, our Group had conducted preliminary feasibility studies to organise exhibitions with different themes in other countries and places such as Macau, Poland and the UK as our Directors consider that there is market demand for trade exhibitions in these areas. We plan to conduct further feasibility studies by sending our representatives to the target locations to identify potential venue providers. Subject to satisfactory results from our feasibility studies, we plan to adopt our business model and utilise our Agents and organise trade exhibitions with themes such as toys, gifts, premiums, household products, and garment and apparel products in such places. These new exhibitions are targeted to be held in the second half of 2014 or first half of 2015.

Our Group may also explore opportunities to organise exhibitions with other themes or exhibitions with a combined theme. Our Group will carry out feasibility studies from time to time to evaluate (i) whether exhibitions with similar themes as our existing exhibitions could be organised in other parts of the world, and/or (ii) whether exhibitions with new themes could be organised in Hong Kong, the PRC or other parts of the world as and when our Directors consider appropriate.

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Apart from developing new exhibitions, our Group may also from time to time explore opportunities to invest in, to acquire or to co-organise new exhibitions with similar themes and growth potentials. Feasibility studies will also be carried out from time to time if our Group comes across any potential opportunities.

Our Group will also explore opportunities to cooperate with other local organisers, industry associations or governmental organisations to participate in new exhibitions. We believe that business relationships and industrial expertise of international exhibition organisers may further strengthen our Group's role in the overseas market by creating synergies in terms of business connections and reputation.

Improving our information technology systems and setting up of branch offices

We also plan to improve our information technology systems, including upgrading the customer relationship management (“CRM”) system, acquiring new computer hardware and equipments for our staff, and upgrading our registration system for visitors. Our upgrading of the CRM system will enable us to better analyse the data of our exhibitors and visitors, enhance our standard of service to be provided to exhibitors, and provide an interactive platform to communicate with our exhibitors and visitors.

Furthermore, we plan to set up branch offices in different areas of the PRC, such as Guangzhou, Shanghai and Suzhou, to have staff members to promote our exhibitions and increase exposure of our exhibitions to target exhibitors in different areas of the PRC.

OUR SERVICES

Our Group provides exhibition organising and management services and Exhibition Related Services. Our operation could be generally categorised into two segments as detailed below:

Management and organisation of exhibitions

We take lead in the planning, management and execution of the entire exhibition organisation process including handling initial exhibition theme planning and relevant feasibility studies, booth construction management, pre-sales preparation, sale of booths, marketing and advertising, and on-site management of the exhibition and post-exhibition review.

When we act as organiser or project manager for exhibitions, other than recruiting exhibitors and visitors for the exhibitions, we also provide value-added services such as recommendation of freight forwarders to exhibitors so that exhibitors could make logistics arrangements more efficiently to facilitate their participation in the event. We also engage booth contractors to construct booths for exhibitors. During the Track Record Period, we offered advertising service in our fair catalogues to exhibitors for promotion of their products. Furthermore, we provide customer service to handle general enquiries from exhibitors and visitors.

Where we act as organiser or project manager of the exhibitions, our revenue is mainly derived from sale of booths to (i) exhibitors directly by our Group or through sales agents, and (ii) exhibition service agents which purchase our booths and resell them to exhibitors.

During the Track Record Period, revenue contributed from sale of booths in exhibitions which we acted as organiser or project manager accounted for approximately 84.6%, 84.3% and 95.0% respectively of our Group's revenue.

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Provision of Exhibition Related Services

We also provide various Exhibition Related Services to assist other exhibition organisers or project managers and to coordinate and manage exhibitions.

Our Exhibition Related Services generally include:

- (a) **On-site management services:** our scope of work usually covers the period of the relevant exhibition, that is, from the time when the venue is handed over to the organiser for preparation of opening of the exhibition to the time when the venue is required to be handed back to the venue provider after the exhibition; and our services to be provided will be similar to the work we carry out during the exhibitions organised by us, including coordinating the exhibition to ensure it runs smoothly, running the registration counter, communicating with exhibitors and resolving ad hoc issues;
- (b) **Booth construction management services:** our scope of work usually covers the exhibition period and our services include liaising with and supervising the booth contractor in construction and demolition of booths and additional facilities;
- (c) **Sub-management services:** our scope of work includes overall arrangement, management and operation of exhibitions when and as required by the project manager, and is similar to that when we act as project manager except that we are not responsible for the sale of booths for such exhibitions;
- (d) **Agency services:** we purchase the exhibition booths from the organiser and resell the booths directly to exhibitors or other agents.

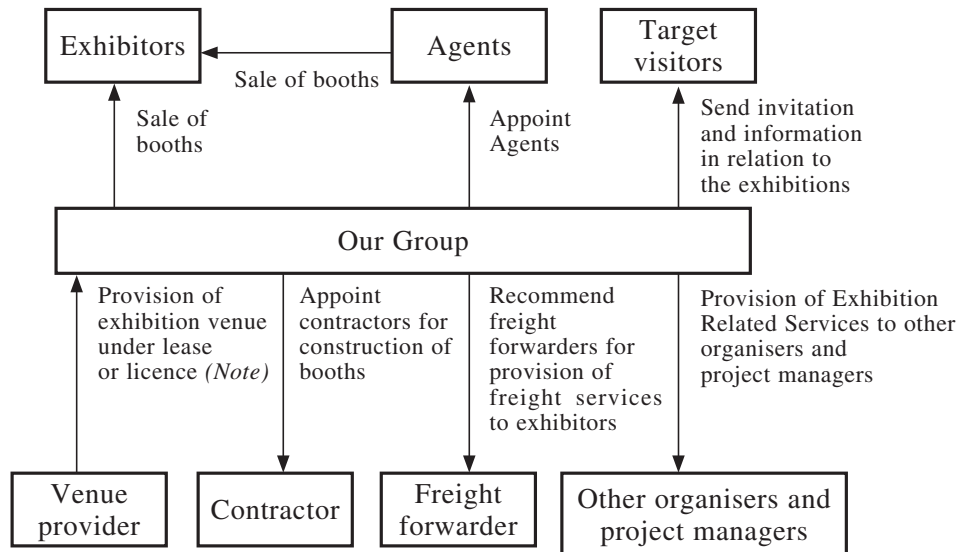
For exhibitions of which we provide management services (including on-site management services, booth management services and sub-management services), our service fee will largely depend on the scope of work required and is determined based on commercial negotiation between us and the organisers or project managers. For exhibitions of which we provide agency services, our revenue is derived from the sale of booths directly to exhibitors or other agents which are our customers.

During the Track Record Period, revenue contributed by our provision of the Exhibition Related Services accounted for approximately 15.3%, 15.6% and 4.9%, respectively of our Group's revenue.

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Our business model

Set out below is a diagram illustrating the overall business model of our Group as the organiser, project manager, and provider of Exhibition Related Services for exhibitions and the relationship among different industry players.



Note: When we act as project manager only, the venue licence is signed by the organiser.

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EXHIBITIONS PARTICIPATED BY OUR GROUP

According to the Industry Report, Mega Show Part I managed by us during 2012 ranked second in terms of number of exhibitors in Hong Kong.

The following table sets out the exhibitions we have participated since our incorporation up to the Latest Practicable Date:

Name of exhibition	Place held	Theme of exhibition	Period held	Role of our Group
Mega Show Part I New Wing	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	20-23 October 2009	project manager
			20-23 October 2010	project manager
			20-23 October 2011	project manager
			20-23 October 2012	project manager
Mega Show Part I Old Wing	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	20-23 October 2009	on-site manager and booth manager
			20-23 October 2010	on-site manager and booth manager
			20-23 October 2011	sub-manager
			20-23 October 2012	project manager
Mega Show Part II	Hong Kong	Gifts, home decorations, office and stationery trade exhibition	28-30 October 2009	on-site manager and booth manager
			27-29 October 2010	on-site manager and booth manager
			27-29 October 2011	sub-manager
			27-29 October 2012	project manager
London Asia Expo	London, UK	Gifts, premiums, housewares, and toys trade exhibition	25-27 January 2010	on-site manager and booth manager
			24-26 January 2011	on-site manager and booth manager
Ningbo Consumer Expo	Ningbo, PRC	Consumer products consumer exhibition	3-7 March 2010	project manager (Note 1)

Note 1: The Ningbo Consumer Expo was co-organised by Ningbo Sub-council of China Council for the Promotion of International Trade (中國國際貿易促進委員會寧波市分會) and Ningbo Tianyi prior to its acquisition by Mega Expo (HK); Mega Expo (HK) acted as the project manager for this exhibition.

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Name of exhibition	Place held	Theme of exhibition	Period held	Role of our Group
中國福建商品交易會 ("Commodities Fair Fujian China")	Fuzhou, PRC	Consumer products consumer exhibition	18-22 May 2010	agent
			18-22 May 2011	agent
Household Expo	Moscow, Russia	Housewares trade exhibition	14-17 September 2010	agent
中國四川新春年貨購物節 ("China Sichuan New Year's Shopping Festival*")	Chengdu, PRC	Foods, fashion and accessories consumer exhibition	15-30 January 2011	agent
			5-12 January 2012	agent
中國進出口商品交易會 ("China Import and Export Fair")	Guangzhou, PRC	Consumer goods, food, housewares, textile and garment trade exhibition	30 April-4 May 2011	agent
			30 October- 4 November 2011	agent
Hong Kong International Buddhist Fair	Hong Kong	Exhibition of Buddhism related articles and seminars consumer exhibition	8-10 May 2011	organiser
Singapore Asia Expo	Singapore	Gifts and premium, fashion accessories, housewares, toys and games, foodware, building material, sports and outdoor items trade exhibition	23-25 November 2011	organiser (<i>Note 2</i>)
			14-16 November 2012	organiser (<i>Note 2</i>)
Berlin Expo	Berlin, Germany	Apparel and textiles trade exhibition	21-23 February 2012	project manager
			19-21 February 2013	organiser
Vegas Expo	Las Vegas, Nevada, US	Gifts and premium, housewares, festive & seasonal, toys, games and stationery trade exhibition	13-15 August 2012	organiser

* translation for identification purposes only

Note 2: We were the organisers for the Singapore Asia Expo together with 福建蒼源國際展覽有限公司 (Fujian Huiyuan International Exhibition Co. Ltd.*), an Independent Third Party.

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The following table sets out the exhibitions which are to be organised by us after the Latest Practicable Date in 2013 and 2014:

Name of exhibition	Place to be held	Theme of exhibition	Dates	Role of our Group
Mega Show Part I	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	20-23 October 2013	organiser
Mega Show Part II	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	27-29 October 2013	organiser
Singapore Asia Expo	Singapore	Gifts and premium, fashion accessories, housewares, toys and games, foodware, building material, sports and outdoor items trade exhibition	21-23 November 2013	organiser (<i>Note</i>)
Berlin Expo	Berlin, Germany	Apparel and textiles trade exhibition	18-20 February 2014	organiser
Mega Show Part I	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	20-23 October 2014	organiser
Mega Show Part II	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	27-29 October 2014	organiser

Note: We will be the organiser for the Singapore Asia Expo together with 福建蒼源國際展覽有限公司 (Fujian Huiyuan International Exhibition Co. Ltd.*), an Independent Third Party.

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The following table sets out the approximate number of exhibitors, visitors and net exhibition space of the major and recurring trade exhibitions we managed, organised or participated in:

Name of exhibition	Year held	Number of exhibitors (approximate)	Number of visitors (Note 2) (approximate)	Net exhibition space (sq.m) (approximate)
Mega Shows (Notes 1 and 3)	2009	4,474	66,671	58,479
	2010	4,641	68,629	59,468
	2011	4,345	66,891	56,174
	2012	4,236	57,139	54,373
Singapore Asia Expo (Note 4)	2011	519	6,135	5,313
	2012	268	3,423	2,898
Berlin Expo	2012	171	1,573	1,899
	2013	225	1,691	2,490
Vegas Expo	2012	276	3,558	3,042

Notes:

- In 2009 and 2010, our Group acted as the project manager for the Mega Show Part I New Wing and on-site manager and booth manager for the Mega Show Part I Old Wing and the Mega Show Part II. In 2011, our Group continued to act as the project manager for the Mega Show Part I New Wing and we took up the role of sub-manager for the Mega Show Part I Old Wing and the Mega Show Part II while in 2012, we acted as the project manager for the Mega Shows.
- The number of visitors includes return visits from previous exhibition days.
- According to our Directors, the decrease in number of visitors for the Mega Shows was mainly due to the decrease in marketing efforts in promoting the Mega Shows.
- According to our Directors, the decrease in scale of Singapore Asia Expo was mainly due to our strategy to refocus the exhibitor mix to the PRC exhibitors, which resulted in a reduction in the overall scale of the exhibition.

The following table sets out the average selling price of exhibition space for recurring shows organised/managed by our Group during the Track Record Period:

	Year ended 30 June		
	2011 <i>HK\$ per sq.m</i>	2012 <i>HK\$ per sq.m</i>	2013 <i>HK\$ per sq.m</i>
Mega Shows (Note)	3,410	3,567	3,403
Singapore Asia Expo	–	2,642	3,642
Berlin Expo	–	2,527	2,574
Vegas Expo	–	–	2,533

Note: Average selling prices of Mega Shows for each of the year ended 30 June 2011 and 2012 represent average selling price for the Mega Show Part I New Wing as we only acted as project manager for the Mega Show Part I New Wing during those periods. Average selling price for the year ended 30 June 2013 represents average selling price of the Mega Shows as we acted as the project manager for the entire exhibition.

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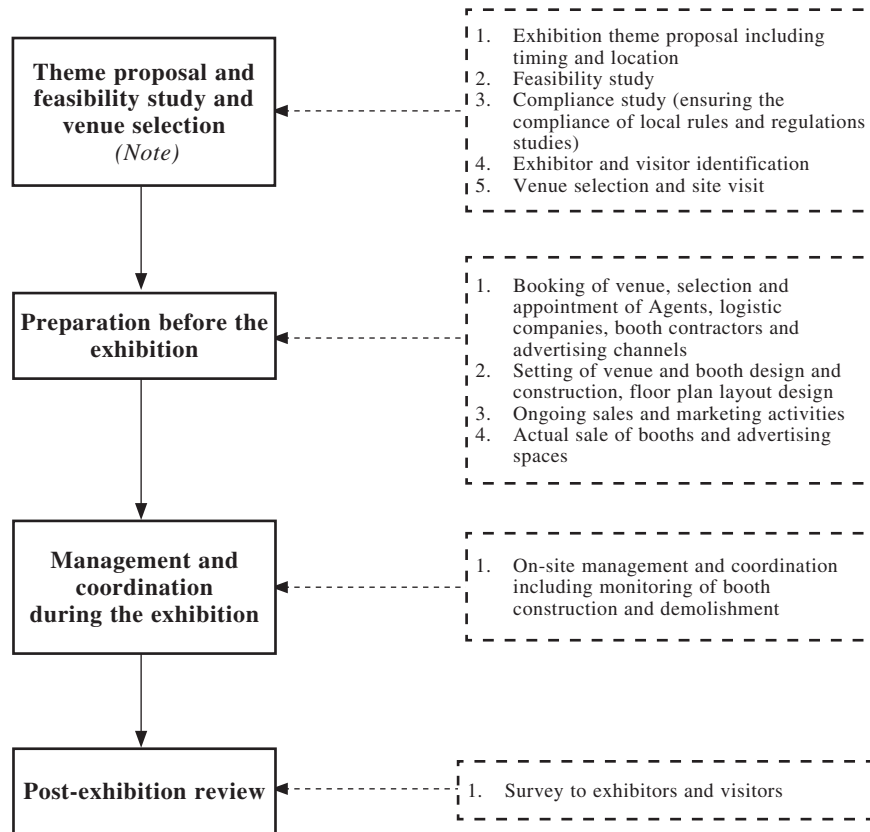
During the Track Record Period, save as the cancellation by us of the organisation of London Asia Expo scheduled to be held in 2012, our Group has not experienced any material cancellation of booth application/sales contracts, customer default, and customer complaints during the Track Record Period and up to the Latest Practicable Date. The London Asia Expo was cancelled due to the then market conditions in Europe and our payment in the amount of approximately HK\$2.3 million made to the venue provider of the London Asia Expo was forfeited.

Based on our management accounts, regarding the Berlin Expo held in 2012, the Vegas Expo held in 2012, the Ningbo Consumer Expo held in 2010, and the Hong Kong International Buddhist Fair held in 2011, we had incurred an unaudited loss for the exhibitions of approximately HK\$1.3 million, HK\$0.9 million, HK\$2.7 million, and HK\$3.3 million respectively. Our Directors consider that it is not unusual that when a new exhibition is held for the first time, it would incur a loss. According to our management accounts, Berlin Expo recorded a profit of approximately HK\$0.7 million in its 2013 edition. Regarding the Singapore Asia Expo held in 2012, there was a decrease in occupancy rate due to our strategy to refocus the exhibitor mix to PRC exhibitors, which was the reason that we had incurred a loss of approximately HK\$9,000 for such exhibition as compared to a profit of approximately HK\$1.9 million generated from the Singapore Asia Expo held in 2011. Regarding the Vegas Expo to be held in August 2013, due to the Boston Marathon explosion which occurred on 15 April 2013, a number of enrolled exhibitors had expressed concerns about travelling to the US and were enquiring about the possibility of withdrawal of application and refund. Our PRC exhibitors had also expressed concerns to us that the recent incident occurred in May 2013 in Guangzhou, PRC, of which inexplicable powder were found in the US Consulate General in Guangzhou may affect the progress of their visa applications for entry into the US for the participation of our Vegas Expo in August 2013. In this regard, our Group decided to postpone the Vegas Expo 2013 to 2014. As at the Latest Practicable Date, our Group was in the course of negotiating with the venue provider on carrying forward the prepaid venue deposits of approximately HK\$0.3 million to the following next edition of the Vegas Expo. The rules and regulations set out in the application forms of Vegas Expo for 2013 stipulated that the participation fee paid by the applicants shall be non-refundable. However, due to our Group's intention to maintain a long term relationship with our exhibitors and exhibition service agents, we intend to offer to refund the full amount of the participation fee in the sum of approximately HK\$0.6 million. Our Directors confirm that such refund will not significantly impact our liquidity position. During the Track Record Period, the amount of refund of application fee to exhibitors and exhibition service agents due to cancellation amounted to nil, approximately HK\$1.3 million and nil respectively.

OPERATION WORKFLOW

The following chart illustrates the operation flow and key steps involved in acting as an organiser or project manager:

Exhibition management and organisation service



Note: For new exhibitions only

Theme proposal and feasibility study and venue selection

Planning for a new exhibition typically starts with discussion among our Directors regarding any potential new exhibition themes. When the initial proposal and exhibition theme is suggested by our Directors, a feasibility study is carried out by, among others, our operation and sales department in collaboration with our in-house marketing and data department. Various factors such as the theme of the proposed exhibition, the market segment to which the proposed exhibition will target, potential visitors and exhibitors, timing, location, pricing, contractors, venue and available facilities will be studied to determine whether the proposed exhibition is financially and commercially feasible. As confirmed by our Directors, our Group shall from time to time conduct these feasibility studies when and as our Directors consider appropriate.

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During our feasibility study process, we gather information from industry sources and analyse whether there is market potential in a particular industry segment and desired places for holding such exhibitions. According to our internal policy, we shall also check whether we need to obtain any licences, permits, or other approvals for carrying out exhibitions in such areas in addition to the carrying out of our feasibility studies.

We will also review whether there are any exhibitions with a similar theme and study their pattern when they are held in different parts of the world. Our feasibility study is normally carried out more than one year prior to the proposed exhibition time. An exhibition budget for each potential new exhibition will also be included in the feasibility study. Based on the results of our feasibility study, if we opt to organise the relevant exhibition we will then determine a city and venue for the exhibition and the optimal time during the year to organise such exhibition, taking into consideration factors such as whether there are any similar exhibitions in the adjacent locations during the relevant time which may present competition or on the other hand, increase the number of potential visitors in the area during the same period of time as our potential exhibition which might increase the number of visitors to our exhibitions.

After we have determined the location of our potential exhibition, our Group will begin to compile a list of the potential exhibitors and visitors for the proposed exhibition. For new exhibition to be organised, our Group may send questionnaires to potential visitors to obtain their comments and find out whether they intend to visit the proposed exhibition. Exhibitor and visitor information will be collected by our visits to exhibitions and also from exhibition brochures, which generally list out information about their exhibitors. We would also set up promotional booths at similar exhibitions if possible to liaise with potential exhibitors and visitors.

In determining a suitable venue for our proposed new exhibition, our Group will compile a list of possible venues from the feasibility study identifying a few locations within a region. Then, our senior management and operation staff members will make visits to the proposed venues, and discuss with the relevant venue providers regarding, among others, the size of the venue and consider the infrastructure surrounding the venue such as transportation system and hotel accommodation facilities as our Directors consider that a convenient location is pivotal to the attractiveness of an exhibition to exhibitors.

Liaison with parties such as freight forwarding companies, booth contractors and advertising companies will also commence. For exhibitions located outside Hong Kong, our staff members will also liaise with freight forwarding companies to understand from them the local custom formalities requirements, for example, requirements for importing materials or product samples for display at the exhibitions. We will also identify any potential promotion channels to visitors at or around the designated location of the exhibitions.

Preparation before the exhibition

Following our planning and feasibility study, pre-sales preparation work begins, and a project manager will be assigned to oversee the sales and internal liaison of the exhibition. We will also apply for required approvals and permits from the local government if necessary.

BUSINESS

Booking of venue, selection and appointment of Agents, logistic companies, booth contractors and advertising channels

An important part of organising exhibitions is the booking of a suitable venue for holding the proposed exhibition. This process has to be done ahead of time, ranging from six months to a year prior to the tentative date for the proposed exhibition, to ensure an open slot at the desired venue is available. For further details in relation to the venue licensed to our Group for exhibition organised by us during the Track Record Period, please refer to the paragraph headed “Licences” below in this section.

Selection and appointment of booth contractors and advertising channels will commence. We would also recommend one or more logistics company to act as the freight forwarders without extra costs for each exhibition and our exhibitors could engage them for necessary logistics arrangements.

At the same time, negotiation for cooperation with Agents in other countries and trade associations begins. Based on factors such as the theme, venue and size of the exhibition, and the target exhibitors and their location, our Group will decide whether we will engage the services of existing Agents or cooperate with new Agents in other countries in Asia. We will enter into negotiation with them on the terms of cooperation. For further details of the arrangement with our Agents, please refer to the paragraph headed “Agents” in this section.

Setting of venue and booth design and construction, floor plan layout design

Our staff will make further visit to consider the physical condition of the venue and discuss actual operational details with the venue provider. The venue provider will send us actual operational details and the rules and regulations of the venue which we should be aware of, including, among others, whether smoking is allowed inside the halls. The venue provider will also provide us with computational drawing of the venue halls. We will submit the floor plan to the venue provider for their approval. After the floor plan is approved by the venue provider, it will be passed on to our project manager, who will liaise with our sales department on the number and location of booths to be allocated to our Agents prior to selling them to potential exhibitors.

Other than being responsible for booth layout design and related technical matters, our operation department is also responsible for other operational aspects of the exhibitions, such as cleaning and security, arranging food and beverages, telecommunications and internet services. Moreover, our operation department is our primary contact point with the booth contractors and will meet the booth contractors and provide them with a timeline on the setting up of the booths before the exhibition, as the venue provider will only allow a certain period of time before the exhibition for set up and move-in. Our operation department will provide the specifications of the booths to the contractors, which might be different for every exhibition depending on the products to be displayed based on the theme of the relevant exhibition. Our operation staff members may also conduct a due diligence visit to the offices of the booth contractors when they consider appropriate to determine whether such booth contractors would have the available resources for construction of the booths. As part of the booth contractor selection process, we may also require them to prepare dummy booths for our inspection.

BUSINESS

Our operation department will also liaise with the booth contractors for the finalisation of booth designs. For standard booths, no extra costs to the booth price will be charged to the exhibitors, while for special designed booths, an extra charge will be incurred and the design must be submitted to us for review to ensure compliance with the rules and regulations of the venue.

The on-site planning schedule and detailed run-down schedule include details of reception, registration, on-site logistics, opening ceremony (if any) and arrangements at the visitors' lounge. With the final schedule on hand, individual information pack to each exhibitor including show directory, name card dropping box and exhibition guides for visitors with list of exhibitors' details are prepared by our in-house design team and double checked by our sales team. We also need to prepare exhibition materials, for instance, badges to be worn by the organisers, exhibitors and visitors, and banners and stickers for other exhibitions organised or managed by our Group.

Our operation department will liaise with the venue provider and determine actual logistics issues and operational issues. Shortly before opening of the exhibition, our operation department is responsible for setting up the venue including arranging with contractors for moving-in and booth construction, setting up of the registration counter, organiser office, business centre and visitors' lounge and putting up the banners at entrance and other promotional materials. Usually one day before the exhibition opens, we will arrange moving-in of the exhibitors and our staff will assign different move-in timeslots to various groups of exhibitors and also make appropriate arrangement for the logistics and loading of the samples for display during the exhibition.

Ongoing sales and marketing activities

We will prepare printed materials such as brochures, floor plans and application forms, which are mainly designed by our sales team with the technical assistance from our designers; and these materials will be included in the sales kit which will be sent to potential exhibitors. Information regarding local customs practices would generally be included in the sales kit so that potential exhibitors could have a general idea of the relevant requirements and the estimated time for making logistics arrangements. Promotional literature is also printed during this stage to promote the exhibition with a view to attracting more visitors.

We will also commence our promotion and marketing activities for the exhibition such as advertising in printed, online and outdoor media including billboards, and we will also set up an official website for the event to provide factual information about the exhibition and exhibitors and visitors information and will be updated from time to time, to enhance publicity of the exhibition and to promote the exhibition to potential exhibitors and visitors in the industry. Promotional and marketing materials such as brochures and posters will be designed by the design team, and printed sales kits comprising brochures, posters, market overview, previous exhibition reports and floor plans will be distributed to our sales team and Agents.

Our marketing efforts would be ongoing while sale of booths is in progress including participating in similar exhibitions held in different parts of the world including Hong Kong, the US, Turkey, Japan and Russia by attending or setting up booths to introduce our exhibitions to the exhibitors. Other promotional efforts include promotions at business-to-business portals. During the Track Record Period, we also engaged our staff to make business calls to promote our exhibitions.

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Prior to the opening of an exhibition, more extensive marketing campaign will be implemented to attract both local and overseas visitors. Press releases, special supplements and advertisements will be placed in newspapers and trade magazines, on various radio channels and on public transportation.

During the Track Record Period, our advertising and promotion expenses were approximately HK\$9.1 million, HK\$11.6 million and HK\$10.2 million respectively, which represented approximately 6.2%, 7.0% and 4.6%, respectively of our revenue for the same periods.

Actual sale of booths and advertising spaces

Our senior management will decide on the price of the booths for the exhibition. When determining the price of the booths, our senior management will take into account factors such as our costs of organising and prices for booths for exhibitions with similar theme, size and location, and we will also consider the travel and logistics costs to potential exhibitors as that would affect the overall budget to them to participate in the event. For booth prices for new exhibitions, we may determine a more competitive price with reference to the market, as it may be desirable to enhance the attractiveness of the exhibition to persuade exhibitors to join a new event.

When pre-sales work is completed, the sales functions will start. Members of our sales team and our Agents, where appropriate, will promote and sell exhibition booths to potential exhibitors.

Our project manager will pass to our sales department the floor plan for the exhibition with the number and location of the booths finalised. For recurring exhibitions, we will usually give exhibitors which participate in the current edition of the exhibition the right to reserve the same booth for the exhibition to be held in the next year.

In general, our sales department will be working with our design and marketing departments after the theme proposal and feasibility study stage. The logo of the exhibition, sales brochure and application form shall be designed by our design team and our marketing department will compile the marketing and promotional campaign.

Our sales function is generally undertaken by our in-house sales personnel and external Agents will also be engaged to recruit exhibitors. For our in-house sales logistics, the project manager will assign a number of sales personnel for the exhibition, and they will contact the potential exhibitors.

Booth prices are calculated based on the size and the design of the exhibition booth they occupy. In general, a 50% non-refundable deposit is required to be paid along with the submission of the application form to us, but it does not guarantee that the applicant will be assigned a booth by us upon payment. The application form and deposit would be processed by our sales and accounting departments. Upon confirmation by the project manager, an invoice and confirmation shall be given to the applicant to confirm the booth reservation. The exhibitors are required to pay the balance of the rental for the booths approximately six months before the relevant exhibition is held.

Our project manager and sales department will conduct regular reviews on the progress of the sale of the booths and they will liaise with the Agents to determine the industry needs of each region, whether there are any local governmental incentives provided in each region, and other factors to determine the allocation of booths. We may also increase promotion and liaise with Agents to arrange governmental incentives to exhibitors, if necessary.

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We also publish and provide optional advertising services in our fair catalogue. Since October 2011, we launched the annual complimentary fair catalogue to be published every October to coincide with the major sourcing season of global buyers. We position our fair catalogue as an industry-specific information platform to enhance business between the international buyers and Asian manufacturers. Our fair catalogue covers contents including cover stories, industry news, trade exhibition reports, product highlights and manufacturers profiles in the industry of toys, gifts, premiums and household products. The publication reaches the hand of industry players through (i) distribution as official publication (in booklet format) at various exhibitions held in Hong Kong including the Mega Shows and overseas; (ii) mail circulation to selected global buyers sourced from our marketing contacts; and (iii) an online version available at our website.

Our Group sells advertising spaces in our fair catalogue to advertisers who are mainly exhibitors joining the exhibitions organised or managed by us for promotion of their own products. The advertising services were provided as optional services to exhibitors. Our advertisement price is charged per advertisement page.

Refund policy

The rules and regulations as set out in the application forms of our Group stipulate that the participation fee paid by the applicants shall be non-refundable, except (i) when our Group has rejected the applicants' applications or (ii) when our Group has cancelled or materially reduced or shortened the period of exhibition. In cases where the exhibition has been cancelled or its period materially reduced or shortened, unless the same is caused by deliberate wrongdoing or negligence on the part of our Group, our Group may in our sole and absolute discretion refund without interest any part of the participation fees already paid by the applicants, less the related administrative expenses, marketing, promotional and advertising expenses, incurred by our Group. As advised by our Hong Kong Legal Counsel, the relevant rules and regulations are legally enforceable.

Due to our Group's intention to maintain a long term relationship with our exhibitors and exhibition service agents, we may consider to exercise our discretion to refund the participation fee already paid by them in the event that there is cancellation or postponement of our exhibitions, even when the same is not caused by any deliberate wrongdoing or negligence on the part of our Group. In the event any refund is made by us, it would be subject to deduction of any related administrative expenses, marketing promotional and advertising expenses incurred by us, and our Directors confirm that the refund will not significantly impact our liquidity position.

According to the Industry Report, most market participants do uphold a non-refundable policy on the participation fee paid by the exhibitors. However, market participants do from time to time on a solely discretionary basis, in certain circumstances (such as postponement of exhibition, reduction or shortening of exhibition period or cancellation of exhibition by the organisers), for the sake of maintaining customer relationship, refund part of the participation fee to the exhibitors.

In view of the abovementioned practice of the market participants, our Directors are of the view that and the Sole Sponsor concurs, the cancellation clause of our Group is in line with the market practice.

Ongoing cost control

Once our Group has confirmed to organise a new exhibition, the project managers will be responsible for monitoring and reviewing the project cost. The project manager will also be responsible for reporting the progress of each project to the senior management in order to obtain approval for the payment of cost at different stages of period for the exhibitions to be held. Should the actual cost exceed the budgeted cost, the project manager shall report directly to the senior management on reasons for such

BUSINESS

cost overrun and approval shall be obtained by our Board to incur such additional cost. The project budget will be updated after the approval. According to our Directors, during the Track Record Period, the costs of organising and managing exhibitions were within the budget.

Cost control measures adopted by our Group to mitigate its exposure from fluctuation in cost associated with the preparatory work of an exhibition also include (i) reviewing and comparing the amount and reasonableness of the fees quoted by various suppliers from time to time; (ii) for large scale exhibitions (e.g. the Mega Show Part I), our Group would engage more than one supplier in certain aspects of services required (including but not limited to booth construction), in order to reduce reliance on any individual supplier and hence increase the cost bargaining power of our Group; (iii) entering into service contracts with suppliers with terms more than one year, to secure favorable prices; and (iv) to enhance cost effectiveness, evaluating and comparing the cost of each supplier with the quality of service rendered from time to time.

Management and coordination during the exhibition

After the opening of the exhibition, our Group's main responsibility is to act as a coordinator and to make sure the exhibition runs smoothly, including the monitoring of booth construction and demolition at the beginning and end of the exhibition.

Our staff will communicate with the exhibitors and visitors to ensure their smooth running of the booths and will resolve ad hoc issues during the exhibitions such as requests for additional equipment, or questions from exhibitors or visitors, if necessary. Our staff will also interview visitors and exhibitors to try to evaluate whether the exhibition is user-friendly and whether they have any suggestions to improve the exhibition for the next year.

During the exhibitions, the venue provider might provide security services at the exhibition venue. Our staff will also conduct routine patrolling at site during the exhibition time.

The tentative dates for next year's exhibition will also be announced during the exhibition and our Group will start seeking reservations for the coming year's exhibition from the participating exhibitors.

Post-exhibition review

Our Group conducts surveys with exhibitors and visitors both during and after each exhibition to get their feedback with a view to improving the quality of our exhibitions. The survey with exhibitors and visitors will include, among others, their overall views regarding the exhibition, quality of products on show at the exhibition, suggestions on improvement of the exhibition and whether they will attend the same or similar exhibition in the future.

After the exhibition, we will discuss internally the results of the exhibitions including the number of booths and the number and profile of exhibitors and visitors.

Recurring exhibitions

For exhibitions that have been held recurring for more than two years, unless there is a change in the venue or theme for the relevant exhibition or we plan to substantively enrich the theme of the exhibition, we will not repeat our theme proposal and feasibility study work.

For recurring exhibitions which are relatively new, such as the Berlin Expo, the Singapore Asia Expo and the Vegas Expo or if we plan to substantively enrich the theme of the exhibition, we may conduct feasibility study again to evaluate the feasibility of the exhibition or its expansion, as appropriate.

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As part of our preparation work for the exhibition, we will, based on the feedback from exhibitors and visitors and results of our post-exhibition evaluation, take appropriate measures to improve the exhibition. For example, we may identify and engage new booth contractors if the exhibitors were not satisfied with the quality or service of the existing contractors; or we may source different food and beverages providers if we received complaint(s) for quality of food or beverages. We may also modify our promotional and marketing campaign based on feedback from exhibitors and visitors. For instance, more resources will be allocated to a particular advertising channel if that is considered to be more effective. During the Track Record Period, we did not have any instances of unsatisfaction of contractors which led to early termination of their engagements.

As for venue booking, the time for making reservation for the venue varies depending on the requirements of the relevant venue provider. It is our Directors' understanding that it is not the common practice for venue providers to enter into long term licence agreements for the use of venue in the same time slot for more than one year. Hence, when we act as organiser to an exhibition, we are required to enter into separate agreement on an annual basis with the venue provider for each year's rental of the venue. For certain venues, such as HKCEC for the Mega Shows, our Group will have to reserve the venues for next year right after the exhibition is closed. Although HKCEC is co-owned by the government of Hong Kong and HKTDC, to the best knowledge of our Directors, HKTDC has no involvement or influence over HKCEC Management's approval of venue licence agreement.

Although agreement for rental of venue for exhibitions will usually be signed on an annual basis and venue providers also will not guarantee the availability of the relevant venue, our Directors, based on their experience in the exhibition industry, believe that current organisers of exhibitions would usually have the priority to book the same venue for the same exhibition in the same time slot in the following year. Such belief, according to the Industry Report, is in line with practices of the exhibition industry. In the event the targeted exhibition venue and targeted exhibition date is not available for the forthcoming year, we may resort to hold the exhibition at other short-listed choices of alternative venues considered by us when we conducted the feasibility study for the relevant exhibition.

As for the sale of booths, application forms/reservation notice for booths for the exhibition to be held next year will be prepared prior to opening of the relevant exhibition, and we will distribute such application forms/reservation notice to the exhibitors before closing of the exhibition and they can make reservation for the booths for next year's exhibition. In general, we will give the relevant exhibitors an option to reserve the same booth for next year's exhibition. Upon submission of the application form and payment of deposit by the exhibitors and our internal processing of the application, they would be able to confirm the booth for next year's exhibition. If an exhibitor desires to expand its booths or change its booth locations for next year's exhibition, priority of allocation would generally be considered based on the seniority of the relevant exhibitor in terms of its history of participation in the same exhibition and the booth size.

CUSTOMERS

Our customers in relation to our management and organisation of trade exhibitions mainly include (i) exhibitors which we sell our booths directly to or referred by our sales agents, and (ii) exhibition service agents which resell our booths to exhibitors directly. For exhibitions which we provide Exhibition Related Services only, our customers are the exhibition organisers and/or project managers when we provide management services; on the other hand, when we provide agency services our customers are the exhibitors or other agents which we sell the booths to. For further details regarding our Agents, please refer to the paragraph headed "Agents" in this section.

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For exhibitors which participate in exhibitions organised or managed by us, in general, a 50% non-refundable deposit of the booth price is required to be paid by them when they submit their application forms for booths and they are required to pay the balance of the rental for the booth approximately six months before the relevant exhibition is held. The participation fee includes space rental, booth construction fee and the publicity and promotional arrangement fee for the exhibition. This participation fee is non-refundable except when (i) we have rejected the application; or (ii) we cancel or materially reduce or shorten the exhibition period, by which we would provide the refund less the related administrative expenses, marketing, promotional and advertising expenses incurred subject to our absolute discretion. There is no specific compensation clause in the agreements among our Group, exhibitors, exhibition service agents and other sales agent if the exhibition is cancelled. Further, we can terminate an exhibitor's right to exhibit in the exhibition at any time (i) if the exhibitor commits a breach of the exhibition rules and regulations; (ii) if the exhibitor enters into liquidation or becomes bankrupt; or (iii) the exhibitor conducts any activity which does not conform to the nature and purpose of the exhibition.

As for the provision of Exhibition Related Services, when we act as the on-site manager or sub-manager, we shall receive our service fee from the relevant exhibition organiser after the completion of the exhibition. When we act as booth manager, we shall receive a deposit before the exhibition and the remaining service fee from the exhibition organiser after the completion of the exhibition. When we act as agents, we shall purchase the booths from the relevant exhibition organiser before the exhibition and resell to the exhibitors or other agents before the exhibition. Our Exhibition Related Services are provided on a project basis.

During the Track Record Period, our Group's top five customers in aggregate accounted for approximately 21.4%, 25.7% and 23.8% respectively of our Group's revenue while the largest customer accounted for approximately 12.8%, 12.7% and 12.4% respectively of our Group's revenue. None of our Directors, their respective associates and shareholders who own more than 5% of the issued share capital of our Company has any interest in any of the top five customers of our Group.

During the Track Record Period, our top five customers are exhibition service agents located in Taiwan, the PRC, Vietnam and India. We had approximately three to four years of business relationships with our top five customers during the Track Record Period as at the Latest Practicable Date. For further details about our top five customers during the Track Record Period, please refer to the paragraph headed "Agents" in this section.

SUPPLIERS

Our Group's major suppliers are exhibition organisers, advertising agents, venue providers, booth contractors and sales agents. During the Track Record Period, the fees paid to our Group's five largest suppliers in aggregate accounted for approximately 49.3%, 44.0% and 43.4% of our Group's total costs respectively while the fees paid to the largest supplier, GIIL, accounted for approximately 29.6%, 26.4% and 29.5% of our Group's total costs respectively. Save as Mr. Cheung who is the beneficial owner of GIIL, none of our Directors, their respective associates and shareholders who own more than 5% of the issued share capital of our Company has any interest in any of the top five suppliers of our Group. Please refer to the paragraph headed "Arrangement with GIIL Group and Pro-Capital Group" in this section for further details of our arrangement with GIIL Group.

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Our Group engages independent contractors for the setting up and dismantlement of booths. For major trade exhibitions, such as the Mega Shows, we usually engage more than one contractor so that we are not reliant on any single contractor. Under the booth contracting agreements for our recurring exhibitions, including the Mega Shows, Singapore Asia Expo, Berlin Expo, and Vegas Expo, the following are the major terms of the booth contracting agreements:

1. The booth contractor shall be responsible for, among others, carrying out contracting works which include setting up and dismantlement of booths, and liaising with exhibitors in respect of design and layout of booths.
2. The booth contractor shall receive from our Group a contracting fee based on the total price of the different types of booths required. The contracting fee shall be paid in installments up to until after the closing of the exhibition.

The term of the booth contracting agreement is in general from one to three years. During the term, we may also notify the booth contractor on a case by case basis to carry out contracting works for other exhibitions and we shall pay them separate contracting fee for such exhibitions. If the unit rate for determining the contracting fee for such other exhibitions is lower than the one as stipulated in the booth contracting agreement, the booth contractor is entitled to decline carrying out contracting works for such other exhibitions notified by us. For certain booth contractors, our Group may be entitled to terminate the booth contracting agreement by giving notice to the booth contractor pursuant to certain events such as when the contracting work is unsatisfactory and in such case we shall receive a refund of the contracting fee.

One of our major suppliers during the Track Record Period is an advertising agent. That advertising agent is responsible for provision of advertising space and installation at the Hong Kong International Airport by setting up banners and advertisement in different areas. A fixed advertising fee shall be payable to the advertising agent in monthly installments during the relevant advertising period, which fixed advertising fee was apportioned with Pro-Capital Group for the Mega Shows held from 2009 to 2011 based on the agreed percentage of the net booth area managed by Pro-Capital Group or our Group.

During the Track Record Period, our top five suppliers were GILL, booth contractors located in Hong Kong, Singapore and the US, an advertising agent located in Hong Kong and a venue provider located in Singapore. We had approximately one to four years of business relationships with our top five suppliers during the Track Record Period as at the Latest Practicable Date. For further details about our sales agents who are our suppliers, please refer to the paragraph headed “Agents” in this section.

Contract sums paid to our major suppliers are generally due and payable by instalments based on the terms of the contracts. Instalment payments to contractors generally comprise (1) down payment payable within one to two weeks after signing of contract or two to four months before the opening of exhibitions, (2) payment payable within five to seven business days before the opening of exhibitions, and (3) the remaining balance to be settled within 30 business days after the exhibition period according to the contractual terms.

Instalment payments to venue providers generally comprise (1) down payment payable upon signing of contract, (2) payments payable within three to six months before the commencement of the venue licence periods; and (3) the remaining balance to be settled one to two months before the commencement of the venue licence periods.

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Advertising fees payable to one of our advertising agents, which was one of our major suppliers during the Track Record Period, were paid in monthly installments during the relevant advertising period, which fixed advertising fee was apportioned with Pro-Capital Group as mentioned above.

During the Track Record Period, we were not granted specific credit terms beyond the aforesaid payment terms under the relevant contracts with our major suppliers. Payments to our major suppliers were made promptly and as soon as practicable, and payments to our sales agents were settled as soon as practicable after completion of the exhibitions.

As at the Latest Practicable Date, we anticipate that HKCEC Management, the venue provider for our Mega Shows in 2013, will become one of our major suppliers. To the best of our Directors' knowledge, HKCEC Management is responsible for the operation of HKCEC and is an Independent Third Party. On 15 October 2012, the 2013 HKCEC Licence Agreement was entered into between HKCEC Management and our Group. Please refer to the paragraph headed "Licences" in this section for detailed terms of our agreement entered into with our venue providers.

As confirmed by our Directors, there are no material disputes between our Group and our suppliers during the Track Record Period and up to the Latest Practicable Date.

AGENTS

During the Track Record Period, our Group engaged sales agents, as our suppliers, which would recruit exhibitors on our behalf and in turn receive a commission; and there were also exhibition service agents, as our customers, which purchased our booths and resold the booths to exhibitors ("**Downstream Exhibitors**").

Our Group has arrangements with Agents in, among others, the PRC, India, Taiwan, and Thailand to recruit exhibitors for exhibitions organised or managed by us. Generally we enter into agreements with each of our Agents on a project basis. Agreements with our Agents has a term with effect from signing and usually ends on or shortly after the relevant exhibition dates. Our Agents in general shall refrain from promoting, organising, acting as an agent for other organisers or otherwise participating or being interested in exhibitions in various specified areas including toys, stationery, household products, Christmas decoration and gifts near our exhibition dates during the terms of the agreements, unless waived by us.

Responsibilities of our Agents are to, among others, (a) identify and recruit exhibitors in their countries for the exhibitions organised or managed by us; (b) provide marketing and promotion in their countries in respect of the trade exhibitions; and (c) provide any other coordination services. They shall only refer themselves as our agents in the course of carrying out their responsibilities. Regarding sales agents, our Group would pay commission fees to such sales agents; the rate of commission is usually based on the number of exhibitors procured by such sales agents and the amount received by our Group for the sale of booths to the exhibitors. During the Track Record Period, payments to our sales agents were settled as soon as practicable after completion of the exhibition. Regarding exhibition service agents, the exhibition service agents shall purchase the booths from us and pay to us an agreed amount of participation fees net of discount. The exhibition service agents are not entitled to return any unsold booths to us, and shall bear all liabilities and losses in relation to the sales of the assigned booths. We

BUSINESS

would review the status of the sale of booths periodically with the exhibition service agents, and would request progressive payment of the net participation fees according to their progress of reselling our booths. In any event, all remaining balance of the net participation fees should be fully paid on or before 30 days after completion of the relevant exhibition.

Our control over the activities of our exhibition service agents and the Downstream Exhibitors are limited. The exhibition service agents do not have any contractual obligations to monitor the practices and behaviours of the Downstream Exhibitors in our Group's exhibitions, and our Group cannot seek compensation from these exhibition service agents for losses or misconduct of the Downstream Exhibitors. However, for future exhibitions, our Group can consider whether to sell our booths to exhibition service agents which on-sell our booths to Downstream Exhibitors that our Group considers not suitable. For further details regarding the risk, please refer to the section headed "Risk factors – We have limited control over the activities of exhibition service agents" in this prospectus.

Participation income derived from sale of booths to exhibitors procured by sales agents accounted for approximately 11.5%, 11.3% and 19.4%, respectively of the participation income of our Group during the Track Record Period, while the participation income derived from sale of booths to exhibition service agents accounted for approximately 26.0%, 33.9% and 33.8% respectively of the participation income of our Group during the Track Record Period.

The following table sets out the participation fee income derived by each of our Group's sales channel during the Track Record Period:

	2011		Year ended 30 June 2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Exhibition service agent	32,534	26.0	47,612	33.9	70,902	33.8
Sales agent	14,354	11.5	15,895	11.3	40,644	19.4
Direct registration by exhibitors	78,051	62.5	77,011	54.8	98,207	46.8
	<u>124,939</u>	<u>100.0</u>	<u>140,518</u>	<u>100.0</u>	<u>209,753</u>	<u>100.0</u>

As confirmed by our Directors, the benefit of appointing Agents is that they are familiar with the local market and potential exhibitors in their respective areas and would be able to procure sale of booths more effectively.

We maintain good and close business relationships with our Agents. We have established, on average, more than three years of business relationship with our exhibition service agents and sales agents respectively. During the Track Record Period, we have not had any dispute nor were a party to any legal or arbitration proceedings with any of our Agents. In 2012, as Pro-Capital Group requested to terminate its role as project manager for the Mega Show Part I Old Wing and the Mega Show Part II, we accepted the offer from GIIL to also take up the project management role for the Mega Show Part I Old Wing and the Mega Show Part II. As Pro-Capital Group had sold certain number of booths to exhibitors before its termination as project manager, we agreed to enter into agency agreement with them and provide them a commission for the booths they had sold for the Mega Show Part I Old Wing and the Mega Show Part II. As such, Pro-Capital Group was considered as our sales agent in Hong Kong in 2012. All of our Agents engaged during the Track Record Period were Independent Third Parties.

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The following table shows the number of our Agents for the exhibitions which have been organised or managed by us during the Track Record Period:

Agents	Year ended 30 June		
	2011	2012	2013
Exhibition service agent (our customer)	12	15	17
Sales agent (our supplier)	6	5	8
Total:	<u>18</u>	<u>20</u>	<u>25</u>

Policy regarding the selection of Agents

For new Agents, we shall consider, among others, the background and experience of the Agents in the industry, whether it is a member of any local trade association or government affiliated organisation, and whether it has any information of potential exhibitors for related exhibitions. For recurrent exhibition with existing Agents, the agency agreement shall be considered and renewed by us regarding each exhibition and the booth allocation will be based on, among others, overall performance from previous exhibitions by the Agents and timely collection and making of payments of fees by the Agents or exhibitors procured by them.

LICENCES

The time for reserving venue varies depending on the requirements of the relevant venue provider. It is our Directors' understanding that it is not a common practice for venue providers to enter into long term agreements for the occupancy of venue in the same time slot for more than one year and venue providers also will not guarantee the long term availability of the relevant venue. Hence, when we act as organiser to an exhibition, we are required to enter into separate agreement on an annual basis with the venue provider for each year's rental of the venue. For certain venue providers, our Group will have to reserve the venue for next year when the exhibition closes.

In October 2012, we entered into a licence agreement ("**2013 HKCEC Licence**") with HKCEC Management regarding the occupancy of the venue for organising of the Mega Shows in 2013. We also plan to organise the Singapore Asia Expo in 2013 and the Berlin Expo to be organised in 2014 respectively. As at the Latest Practicable Date, we have also entered into a licence agreement with HKCEC Management for the organising of the Mega Shows in 2014, and agreements for the occupancy of the venue for the organising of the Singapore Asia Expo in 2013 and the Berlin Expo in 2014.

Under the venue licencing agreements entered into by us, in general, the following are the major terms:

1. our Group will be required to make instalment payments to venue provider prior to the scheduled date of our exhibitions;

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2. the venue provider shall grant us the use of the venue and generally provide us with the services including the lighting, heating, ventilating and air conditioning and cleaning services in respect of public areas with costs included in the licence fee;
3. additional services such as security services, food and beverage services and/or cleaning services are optional and may be provided at extra costs;
4. our Group is generally entitled to cancel the agreement prior to the exhibition upon written notice with payment of a cancellation fee and/or partial or full forfeiture of deposit if we do not proceed with organising the exhibition; and
5. our Group shall, among others, comply with the guidelines provided by the venue provider and take out adequate insurance amount for public liability.

According to the 2013 HKCEC Licence, if we decide to cancel the Mega Shows to be held in 2013, we would need to pay (a) 50% of the rental fee if we decide to cancel the exhibition more than 12 but less than 18 months before the exhibition date; (b) 70% of the rental fee if we decide to cancel the exhibition more than six but less than or equal to 12 months before the exhibition date; and (c) 100% of the rental fee if we decide to cancel the exhibition less than or equal to six months before the exhibition date.

ARRANGEMENT WITH GIIL GROUP AND PRO-CAPITAL GROUP

The Mega Show Part I (then under the names of Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show) was being organised annually since 1992 and the Mega Show Part II (then under the name of ASIANA) was being organised annually since 2003. The Mega Shows had been organised by members of the Pro-Capital Group until 2009, when GIIL was disposed of by Pro-Capital Group to Mr. Cheung. Since 2009, GIIL became the organiser of the Mega Shows, and the Pro-Capital Group was the project manager for the Mega Show Part I Old Wing and Mega Show Part II from 2009 to 2011, and our Group was the project manager for the Mega Show Part I New Wing from 2009 to 2011 and became the project manager for the entire Mega Shows in 2012.

Project management services

Our Group entered into a Project Management Agreement with GIIL in June 2009 for a term of three years commencing from the date of the Project Management Agreement, to provide exhibition management services to the Mega Show Part I New Wing for 2009, and other trade fairs, shows and exhibitions that GIIL may notify our Group from time to time during the term of the Project Management Agreement. In July 2011, our Group entered into a second project management agreement (“**2011 Project Management Agreement**”) with GIIL for a term of one year commencing from the date of the 2011 Project Management Agreement, to provide exhibition management services to the Berlin Expo for 2012, and other trade fairs, shows and exhibitions that GIIL may notify our Group from time to time during the term of the 2011 Project Management Agreement. In May 2012, our Group entered into a third project management agreement (“**2012 Project Management Agreement**”) with GIIL for a term of one year commencing from the date of the 2012 Project Management Agreement, to provide exhibition management services to the Mega Shows for 2012, and other trade fairs, shows and exhibitions that GIIL may notify our Group from time to time during the term of the 2012 Project Management Agreement.

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The salient terms of each the above agreements are summarised below:

Parties

- (a) GIIL as the organiser;
- (b) Mega Expo (HK) as the project manager.

Primary responsibilities of the parties

- (a) Mega Expo (HK) shall provide services to GIIL, which include, among others, human resources support, advertising and other promotional support, management of the exhibition, arrangement for construction and selling of booths, and keeping proper books and records for the exhibition; and
- (b) GIIL shall cooperate with Mega Expo (HK) to provide the above services, including, among others, providing and paying for the rental of the venue of the exhibition and formulating the overall strategic marketing and promotional plan.

Consideration

The revenue for the exhibitions (which included Berlin Expo 2012, Ningbo Consumer Expo 2010 and Mega Show Part I New Wing 2009-2011 and the Mega Shows in 2012) shall be received by Mega Expo (HK) and an agreed portion of 25% of revenue shall be paid to GIIL. Mega Expo (HK) is also entitled to a discretionary performance bonus payable by GIIL upon satisfactory completion of the relevant exhibitions. The consideration was determined based on arm's length negotiation between the parties on normal commercial terms.

During the term of each of the Project Management Agreement, the 2011 Project Management Agreement and the 2012 Project Management Agreement, GIIL may also notify us on a case by case basis to perform project management for other exhibitions and the revenue for such exhibitions shall be received by us and an agreed portion shall be paid to GIIL and we are also entitled to a discretionary bonus. If the agreed portion to be paid to GIIL for such other exhibitions is higher than the one as stipulated in the respective agreement, we are entitled to decline performing project management for the other exhibitions notified by GIIL during the term.

In 2012, as Pro-Capital Group requested to terminate its role as project manager for the Mega Show Part I Old Wing and Mega Show Part II, we accepted the offer from GIIL to also take up the project management role for the Mega Show Part I Old Wing and Mega Show Part II.

Exhibition Related Services

Our Group provided Exhibition Related Services for the Mega Show Part I Old Wing and Mega Show Part II, and also the London Asia Expo.

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On-site services and management agreements for the Mega Show Part I Old Wing and Mega Show Part II

Our Group entered into two on-site services and management agreements in September 2009 and September 2010 with GIIL and Pro-Capital Group for the provision of on-site management services for Mega Show Part I Old Wing and Mega Show Part II in 2009 and 2010 respectively.

The salient terms of the on-site services and management agreements in September 2009 and September 2010 are summarised below:

Parties

- (a) GIIL as organiser;
- (b) Pro-Capital Group as project manager;
- (c) Mega Expo (HK) as on-site manager.

Term

During the exhibition period of the Mega Show Part I Old Wing and the Mega Show Part II in 2009 and 2010 respectively.

Primary responsibilities of the Mega Expo (HK)

Mega Expo (HK) shall designate, manage and supervise the overall on-site management and shall also arrange and negotiate with outside service providers for the Mega Show Part I Old Wing and the Mega Show Part II;

Consideration

Pro-Capital Group will pay a consultation fee to Mega Expo (HK), which was determined based on arm's length negotiation between both parties on normal commercial terms.

Booth management agreement for the Mega Show Part I Old Wing and Mega Show Part II

Our Group also entered into booth management agreement and supplemental agreement with Pro-Capital Group, the project manager of the Mega Show Part I Old Wing and Mega Show Part II in May 2009 to provide booth management services for Mega Show Part I Old Wing and Mega Show Part II in 2009 and 2010.

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The salient terms of the booth management agreement dated May 2009 (supplemented by a supplemental agreement dated July 2009) entered into by the parties are summarised below:

Parties:

- (a) Pro-Capital Group as project manager;
- (b) Our Group as booth manager;

Term

The term of the booth management agreement is three years from the date of signing of the agreement. During the term, Pro-Capital Group may also notify us on a case by case basis to carrying out booth management for other exhibitions and they shall pay us separate service fee for such other exhibitions. If the unit rate for determining the service fee for these other exhibitions is lower than the one as stipulated in the booth management agreement, we are entitled to decline carrying out booth management for the other exhibitions notified by Pro-Capital Group.

Primary responsibilities of our Group

- (a) Our Group shall be responsible for carrying out, among others, contracting works, liaising and coordinating with exhibitors regarding booth layout, and selecting suitable contractors for carrying out the contracting works.

Consideration

Pro-Capital Group shall provide a service fee and discretionary performance bonus for our booth management services. Service fee and discretionary performance bonus were determined based on arm's length negotiation between both parties on normal commercial terms.

On-site management and booth management agreements for the London Asia Expo

Our Group also entered into agreements with Pro-Capital Group, the project manager of the London Asia Expo on 6 January 2010 and 6 January 2011 respectively to provide on-site services and management and booth management services to London Asia Expo in 2010 and 2011.

The salient terms of the respective agreements are summarised below:

Parties

- (a) GIIL as organiser;
- (b) Pro-Capital Group as project manager;
- (c) Our Group as on-site and booth manager;

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Term

For on-site management services, it should commence upon the moving-in stage until the moving-out stage of the exhibition period of the London Asia Expo in 2010 and 2011. For the booth management services, it should commence upon the granting of the licence from GIIL to Pro-Capital Group until its expiry.

Primary responsibilities of our Group

Our Group shall designate, manage and supervise the overall on-site management, arrange and negotiate with outside service providers, and arrange the supervision of booth and other facilities construction and demolition.

Consideration

Pro-Capital Group shall pay a consultation fee to our Group. Consultation fee was determined based on arm's length negotiation between both parties on normal commercial terms.

Sub-management agreement

In September 2011, we entered into an agreement ("**Sub-management Agreement**") with Pro-Capital Group, the project manager of the 2011 Mega Show Part I Old Wing and the Mega Show Part II to provide sub-management support for the exhibitions.

The salient terms of the Sub-management Agreement are summarised below:

Parties

- (a) Pro-Capital Group as project manager;
- (b) Mega Expo (HK) as the sub-manager.

Term

From 1 July 2011 to 31 October 2011 (or until the end of the exhibition)

Primary responsibilities of Mega Expo (HK)

Mega Expo (HK) shall provide management services to Pro-Capital Group for the Mega Show Part I Old Wing and Mega Show Part II for, among others, exhibition theme and marketing planning and execution, exhibition floor plan design, onsite attendance audit, liaising with agents, appointing logistics forwarders and contractors, and communicating with exhibitors and visitors.

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Consideration

Mega Expo (HK) shall receive from Pro-Capital Group a fixed fee as stipulated in the sub-management agreement and a discretionary bonus based on an agreed portion of the revenue for the Mega Show Part I Old Wing and Mega Show Part II. The consideration was determined based on arm's length negotiation between both parties on normal commercial terms.

Set out below is a summary of the different roles of GIIL Group, Pro-Capital Group and us regarding the Mega Shows since 2009:

Name of exhibition	Year held	Role of our Group	Role of GIIL Group	Role of Pro-Capital Group
Mega Show Part I New Wing	2009 to 2012	project manager	venue licence holder	none
Mega Show Part I Old Wing	2009	on-site manager and booth manager	venue licence holder	project manager
	2010	on-site manager and booth manager	venue licence holder	project manager
	2011	sub-manager	venue licence holder	project manager
	2012	project manager	venue licence holder	agent
Mega Show Part II	2009	on-site manager and booth manager	venue licence holder	project manager
	2010	on-site manager and booth manager	venue licence holder	project manager
	2011	sub-manager	venue licence holder	project manager
	2012	project manager	venue licence holder	agent

Operation and administrative support services

As our Group was in our initial set-up stage in 2009 and we then noted that Mr. Cheung had a team of staff which mainly consisted of finance, administrative and other back office staff, our Group engaged GIIL Group, to provide us with merely operation and administrative staffing, administrative services and office space to us while our management lead and oversee their functions. Our management was responsible for strategic planning and decision making for our business operation and they led the operation and administrative staff provided by GIIL Group to execute clerical work in the design, marketing, customer service, information technology and accounts functions. Such arrangement was terminated in August 2012. Since the termination of the above operational and administrative support services arrangement, our Group has recruited and maintained our own staff to carry out our business including developing and maintaining the relevant operational and administrative functions for our Group. The tenancy in respect of the office space located in No. 33 Wang Chiu Road in Hong Kong which our Group used was also assigned to our Group as tenant. Led by our senior management team and supported by our own staff, our Group independently managed the Mega Shows in 2012 as well as organised the

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Singapore Asia Expo in 2012 and the Berlin Expo in 2013 without the assistance from GIL. Our Directors consider that our Group has been able to carry out our daily operations independently without reliance on the operational and administrative services provided by Mr. Cheung and GIL.

The amount payable for such support services was agreed between our Group and GIL Group based on arms length negotiation and was determined based on the estimated amount of manpower and working hours, and the estimate office space required by our Group for the services. Our Directors consider that as the staff providing such support services to our Group mainly consisted of junior level staff, our Group could employ our own staff and provided the necessary training to them to perform the role then undertaken by the staff of GIL Group. As for the use of office space, our Directors also consider that we could rent an office space instead of relying on the usage of the office provided by GIL Group if we chose to do so at the relevant time. However, as the amount payable for the support services was determined based on the estimated amount of manpower and working hours as well as the estimated office space required by our Group for the services, our Directors believe that our Group would have incurred similar amount of costs and expenses if we employed additional staff to carry out such operational and administrative work and rented our own office space during the relevant period. Hence, our Directors consider that our Group did not rely on the provision of such services by GIL Group.

Business and other arrangement between our Group and GIL Group or Mr. Cheung after the Track Record Period

In 2013, Mr. Cheung set up an online platform which allows suppliers to display their products (including but not limited to gift, toys, houseware and apparel products) on the website as a sourcing platform for potential buyers. Our Group placed certain advertisements of the exhibitions to be held by our Group on the online platform set up by Mr. Cheung on a free-trial basis which will end in October 2013. Save as the above, our Group had not entered into any transactions with Mr. Cheung or GIL after the Track Record Period.

Background and principal business of GIL Group, Sino Resources (formerly known as Kenfair International (Holdings) Limited) and Pro-Capital Group

GIL Group

GIL Group is beneficially directly or indirectly wholly owned by Mr. Cheung as at the Latest Practicable Date. Save as being the organiser of the Mega Shows from 2009 to 2012, the organiser of the Berlin Expo for 2012, the organiser of the Ningbo Consumer Expo for 2010 and being the organiser for the London Asia Expo from 2010 to 2011, and also providing the operation and administrative support services for our Group as mentioned above, to the best of our Directors' knowledge, there are no other businesses conducted by GIL Group since 2009.

Sino Resources

Sino Resources (formerly known as Kenfair International (Holdings) Limited) is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board (Stock Code: 223). As disclosed in the latest annual report for the year ended 31 March 2013 of Sino Resources (formerly known as Kenfair International (Holdings) Limited), it is principally engaged in investing and developing unconventional gas business and coal and metals trading business. During the year ended 31 March 2013, Sino Resources (formerly known as Kenfair International (Holdings) Limited) restructured its business portfolio and ceased to engage in the exhibition business.

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Pro-Capital Group

To the best knowledge of our Directors, as at the Latest Practicable Date, Pro-Capital Group were wholly-owned subsidiaries of Sino Resources (formerly known as Kenfair International (Holdings) Limited) and were principally engaged in the provision of project management services for exhibition organisers.

Save as disclosed in this section and in the section headed “History and development” in this prospectus and to the best knowledge of our Directors, there were no other (a) roles or arrangement between our Group and Pro-Capital Group, Sino Resources (formerly known as Kenfair International (Holdings) Limited), and GIL Group in relation to exhibitions participated by our Group during and after the Track Record Period; (b) relationship and transactions, side agreements, among our Group, our management, Mr. Lee, Mr. Cheung, Pro-Capital Group and Sino Resources (formerly known as Kenfair International (Holdings) Limited) during and after the Track Record Period; and (c) business or arrangement between our Group and GIL Group or Mr. Cheung after the Track Record Period.

Our Group is independent from GIL Group and Mr. Cheung in terms of our operations, financials and management. Since the termination of the operation and administrative support services arrangement with GIL Group in August 2012, our Group has acted as the project manager for the Mega Shows in October 2012, and organised the Singapore Asia Expo in November 2012 and the Berlin Expo in February 2013, which demonstrates that our business is not reliant on Mr. Cheung or GIL Group and our Group is capable of operating independently from GIL Group and Mr. Cheung completely after the Track Record Period. In view of the above, our Directors are of the view that, and the Sole Sponsor concurs that, our Group’s business is sustainable and is not reliant on Mr. Cheung and GIL.

Historical arrangement with GIL Group

In 2009, Mr. Cheung entered into an agreement (“**GIL Acquisition**”) with Pro-Capital Group to acquire from Pro-Capital Group the entire interest of GIL, which was then the organiser of the Mega Shows and the party to the licence agreement with HKCEC Management for the occupancy of HKCEC for organising the Mega Shows at the relevant time.

The Mega Show Part I (which was then named as the Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show) was first organised in 1992 by Mr. Cheung and his business partners through Kenfair International Limited (“**Kenfair International**”), a company then held by Mr. Cheung and his business partners, and to the best of our Directors’ knowledge, they were the founders of the Mega Show Part I. To the best of our Directors’ knowledge and as confirm by Mr. Cheung, Mr. Cheung and his business partners were then aware that there was a vacancy in the HKCEC venue at the relevant time in 1992, and therefore he and his business partners decided to make an application to procure the venue to organise the first Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show at the relevant time. Since then Mr. Cheung and his business partners gradually broadened the scope of the Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show, and the Mega Show Part II (then under the name of ASIANA) was introduced in 2003. The Mega Show Part I and the Mega Show Part II had been organised annually since 1992 and 2003 respectively.

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As part of the pre-listing reorganisation of Sino Resources (formerly known as Kenfair International (Holdings) Limited), Kenfair International became part of the group of companies comprising the Pro-Capital Group. As disclosed in the prospectus of Sino Resources (then under the name of Kenfair International (Holdings) Limited) dated 25 March 2002, on 7 March 2002, Mr. Cheung and his business partners transferred the entire issued share capital of Kenfair International to Pro-Capital Investments Limited, an investment holding company incorporated in the BVI within the Sino Resources (formerly known as Kenfair International (Holdings) Limited) group. Following the reorganisation of Sino Resources (formerly known as Kenfair International (Holdings) Limited) Group, Kenfair International became an indirect wholly-owned subsidiary of Sino Resources (formerly known as Kenfair International (Holdings) Limited) and was intended to operate principally as the group's arm for organising trade shows and exhibitions in Hong Kong. Since then and until the GIIL Acquisition, the Mega Shows were organised by members of the Pro-Capital Group. Prior to the agreement was signed for the GIIL Acquisition, an internal reorganisation of the Pro-Capital Group was implemented to facilitate the GIIL Acquisition whereby the holder of the licence agreement(s) for the occupancy of venue(s) for organising, among others, the Mega Shows, was changed from another member of the Pro-Capital Group to GIIL, which was an investment holding company established for holding the subject licences for the GIIL Acquisition. Prior to completion of the GIIL Acquisition, Mr. Cheung was a director of Sino Resources (formerly known as Kenfair International (Holdings) Limited).

As further confirmed by Mr. Cheung and also disclosed in the circular ("**Circular**") of Sino Resources (formerly known as Kenfair International (Holdings) Limited) dated 19 March 2009, Sino Resources (formerly known as Kenfair International (Holdings) Limited) had diversified its businesses into the mining sector during 2008 as its business in the exhibition sector had been loss making in the previous years. Mr. Cheung, a then director of Sino Resources (formerly known as Kenfair International (Holdings) Limited), intended to focus on the exhibition business, he decided to acquire GIIL from Sino Resources (formerly known as Kenfair International (Holdings) Limited) and devote more time in designing the business strategy and promoting the exhibitions internationally on behalf of GIIL instead of continuing to manage the business of Sino Resources (formerly known as Kenfair International (Holdings) Limited), which had then diversified into the mining sector. It was also disclosed in the Circular that Sino Resources (formerly known as Kenfair International (Holdings) Limited) considered acting as the project manager of exhibitions would allow them to maintain its revenue stream in relation to the exhibition business while minimising its costs in associated license. As disclosed in the Circular, the consideration was HK\$5 million to be paid upon completion of the disposal by cash.

Mr. Cheung then also did not intend to devote a substantial amount of time to the organisation and management of trade exhibitions, it was his intention that GIIL would act as the organiser of trade exhibition(s) only responsible for obtaining right(s) for the occupancy of the relevant venue from venue provider(s) and formulating the overall promotion strategies of the exhibitions. Hence, as part of the then commercial arrangement between GIIL and Pro-Capital Group, they also entered into a master project management agreement ("**CCT Agreement**"), pursuant to which GIIL was responsible for formulating the overall strategic marketing or promotion plan and granted a first refusal right to Pro-Capital Group to act as the project manager in relation to the provision of certain management services for the exhibitions and trade fairs to be organised by GIIL from time to time, including the Mega Shows. The term of the CCT Agreement was for three years commencing from 6 April 2009 and GIIL would bear all the costs and obligations in connection with the licence for the venue for holding the exhibitions and would also be responsible for formulating strategy so as to promote the exhibitions internationally. In view of the CCT Agreement, GIIL Group maintained its own operation and administrative support staff in order to

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fulfill its responsibilities as required under the CCT Agreement, but Mr. Cheung considered that it was not necessary for GIIL Group to maintain its own sales team and exhibition management team. As such, when Pro-Capital Group decided not to act as the project manager or provide other Exhibition Related Services for the Mega Shows gradually from 2009 to 2012, GIIL Group decided to engage our Group to take up the roles declined by Pro-Capital Group, particularly to carry out the sales and operations functions of the exhibitions. As GIIL Group had maintained its own operation and administrative support staff, our Group, after considering the effective use of resources, found it unnecessary during the relevant time to set up our own operation and administrative support team, and decided to engage GIIL Group to provide us with such support services under our supervision. Pursuant to the Project Management Agreement and the 2011 Project Management Agreement entered into between our Group and GIIL in June 2009 and July 2011 respectively, Mega Expo (HK) changed its name from Fine China Management Limited to Kenfair Exhibition (Hong Kong) Limited and our Group was required to use “Kenfair” in all marketing and/or promotion materials in order to ensure consistency with the names of subsidiaries of GIIL Group and Pro-Capital Group for marketing purposes of the exhibitions organised by GIIL. Our Group was also required to use “Kenfair” in the course of providing project management services to GIIL. Upon expiry of the project management agreements, the names of our subsidiaries were changed to “Mega Expo”. Upon our Group becoming the organiser for the Mega Shows in 2013, Pro-Capital Group and GIIL Group would not have any role in the Mega Shows to be held in October 2013.

Our Group will become the organiser for the Mega Shows in 2013 and 2014, as organiser of the event, apart from entering into the venue licence agreement with HKCEC Management for occupancy of the venue at HKCEC, our Group will also take up the role of the project manager of the Mega Shows in 2013 and 2014 and our role will include the planning, management and execution of the entire exhibition. As our Group will become the organiser for the Mega Shows in October 2013, our Group, instead of GIIL, entered into the venue licence agreement with HKCEC Management for occupancy of the venue at HKCEC for the Mega Shows in 2013, and our Group will no longer be required to share a percentage of the revenue derived from the Mega Shows with GIIL. As such, our Directors confirmed that the difference in working capital requirement between our roles as organiser and project manager of the Mega Shows is the rental for the venue in an amount of approximately HK\$26.0 million which shall be funded by our internal resources. As at the Latest Practicable Date, under the terms of the licence agreements entered into between our Group and HKCEC Management in October 2012, in the event that the Mega Shows are cancelled, the entire venue rental may be forfeited.

For the Mega Shows in 2012, if the Mega Shows were cancelled, we were not required to share any revenue with GIIL under the terms of the respective project management agreement. However, if the Mega Shows were to cancel in 2013, the entire rent payable to HKCEC Management may be forfeited. Save as the above, there are no material differences in risk profile, financial performance and position, liquidity, and potential loss to our Group should the Mega Shows be cancelled in 2013, regarding our role as organiser instead of project manager for the Mega Shows in 2013. Our Directors consider that the risk of forfeiture of rent payable to HKCEC Management due to cancellation is remote as the Mega Shows is a recurring exhibition organised for many years and the risk of cancellation is low.

Following the termination of GIIL Group’s operation and administrative support services arrangement with our Group in August 2012, there are no personnel, business operations, or assets transferred to our Group, save as the tenancy for the office premises located in No. 33 Wang Chiu Road in Hong Kong was assigned to our Group as tenant. For further information regarding the lease of the property, please refer to the paragraph headed “Property interests” in this section. Our Group maintained

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our own recruitment policy and our management would decide whether to employ any personnel who had terminated their contracts with GIIL Group independently on an individual basis. Assets such as office equipment in our office in No. 33 Wang Chiu Road in Hong Kong were purchased by our Group from GIIL Group.

For the Mega Shows, our Group did not register the exhibition name “Mega Show” as trademark despite its significance to our Group due to prior experience of the application for the registration of “Mega Expo” being rejected by the Trade Marks Registry of Hong Kong on the ground that the mark consists of a word that may render it devoid of any distinctive character and thus is not capable of distinguishing those goods or services being represented. No intellectual property rights held by either Pro-Capital Group or GIIL Group were transferred to our Group. Our Directors confirmed that the future organisation of the Mega Shows will not be subject to any intellectual property rights held by either Pro-Capital Group or GIIL Group. As advised by our Hong Kong Legal Counsel, based on the search results at the Trade Marks Registry, the trade name “Mega Shows” was not registered by anyone. Hence, Pro-Capital Group or GIIL Group do not hold any intellectual property rights in the trade name of “Mega Shows”. Our Group would not be infringing another person’s trademarks and other forms of intellectual property rights recognised under the legislation in Hong Kong by organising the Mega Shows.

The Mega Shows

During the Track Record Period, our Group derived approximately 95.9%, 87.6%, and 88.4% of our revenue from the Mega Shows. Our Group will become the organiser of the Mega Shows to be held in October 2013 and October 2014.

The downward trend of the Mega Shows’ revenue contribution to our Group was mainly driven by the increase in the number of exhibitions organised by our Group. During the Track Record Period, our Group explored the possibility of organising new trade exhibitions with different themes and in different locations to reduce our Group’s reliance over the Mega Shows. Exhibitions, other than the Mega Shows, that our Group has organised include the Hong Kong International Buddhist Fair, the Singapore Asia Expo and the Vegas Expo; and our Group also organised the Berlin Expo in February 2013. As confirmed by our Directors, our Group was as at the Latest Practicable Date exploring the possibility of organising trade exhibitions in different locations such as Poland, Macau and the UK. Our Directors also intend to apply part of the net proceeds from the Share Offer to organise or develop new exhibitions in Hong Kong and overseas.

In the event that our Group fails to hold the Mega Shows in the scheduled period in the HKCEC venue or is forced to cancel the Mega Shows, our Group will consider to find a similar venue at a similar time in other places to hold the Mega Shows, such as venues in Macau with similar size and quality as the HKCEC venue. Furthermore, as mentioned above, we have already expanded our exhibitions to other parts of the world including the US, Germany and Singapore, and we are also exploring other locations such as Poland, Macau and UK to hold new exhibitions, which may diversify our portfolio and decrease our reliance on the Mega Shows, and minimise our loss in the event the Mega Shows are forced to cancel. However, as the Mega Shows had been held since 1992 annually at the HKCEC venue, our Directors are of the view that it would be highly unlikely that our Group would not be able to secure the HKCEC venue at the usual period or the Mega Shows are forced to be cancelled. Furthermore, as organisers of recurring exhibitions (including the Mega Shows) will in general have priority in renting the exhibition venue from HKCEC Management for the same time slot for holding the exhibition in the following year, our Directors consider that the risk of other organisers taking over our time slot would be remote.

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Obtaining of licence agreement by Pro-Capital Group and GIIL in the past

To the best of our Directors' knowledge, for new exhibitions to be held, the venue provider (including HKCEC Management) may consider the time frame of the potential exhibition and whether it may cause any competition with other existing or recurring exhibitions to be held in the venue at the relevant time. So far as our Directors understand, there is a reasonable amount of "buffer time" before and after each themed event to be held in HKCEC during which period no trade exhibition or event with a similar theme would be scheduled in order to reduce competition of different exhibitions being held too closely in time. Organisers may also need to provide information regarding expected number and type of visitors, whether the exhibition is a consumer or trade exhibition, the specific categories of the exhibition themes and the identity of any supporting trade associations. In the event that there is a clash of time or competition with other exhibitions of similar theme, or that the theme of the exhibition is considered inappropriate by the venue provider, HKCEC Management may refuse to enter into licence agreement with the relevant organiser. In the event that more than one organiser is applying to organise a new exhibition with all other factors being the same, our Directors understand that priority shall be given on a first come first serve basis.

To the best of our Directors' knowledge, GIIL had entered into the licence agreements for the Mega Shows, the London Asia Expo, and the Berlin Expo based on similar criteria as described above.

The obtaining of the 2013 Licence Agreement by our Group and eligibility criteria to organise the Mega Shows

To the best of our Directors' knowledge and belief, when HKCEC Management entered into the licence agreements with us for the Mega Shows to be held in October 2013, they had considered the experience of our management team, the reputation of the Mega Shows, the number of visitors attended, the occupancy of the venue and that the Mega Shows is a recurring exhibition with a good reputation and track record. Save as the request from GIIL to HKCEC Management that the licencing agreements for the Mega Shows to be held in 2013 would be entered into by Idea Trade instead of GIIL, the decision of HKCEC Management was independent from any procurement of Mr. Cheung or GIIL. As disclosed in the "Relationship with our Controlling Shareholders" section of this prospectus, Mr. Cheung has given an unconditional and irrevocable non-compete undertaking in favour of our Group which shall prevent Mr. Cheung or his associates from engaging in any business (i.e. managing or organising exhibitions) which competes with our Group.

At the time when our Group negotiated with HKCEC Management regarding the licence agreement for the Mega Shows to be held in October 2013, we provided details of our Group's profile and background of the Mega Shows to be held in October 2013. Our Directors understand that these were required by HKCEC Management in order to ensure we are capable of organising the Mega Shows and that no competition will be created with recurring exhibitions held in similar time slots, as our Group is the new organiser of the Mega Shows although the Mega Shows is a recurring exhibition in the HKCEC. Save as the above, there are no other qualifications or eligibility criteria requested on us by HKCEC Management prior to the entering of the licence agreement. The entering into of the licence agreement is simply for the provision of space in HKCEC to organise a particular exhibition, and is not subject to any bid from various organisers. Hence our Directors do not consider there are any particular qualifications or eligibility criteria or requirement, so far as HKCEC Management is concerned, for acting as organiser or project manager to an exhibition (including the Mega Shows), or for the provision of Exhibition Related Services to an exhibition.

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On 8 July 2013, we have also independently entered into a licence agreement with HKCEC Management for the organising of the Mega Shows in 2014. As confirmed by our Directors, our Group secured the said licence agreement for organising the Mega Shows in 2014 from HKCEC Management independent of Mr. Cheung and GILL.

Our Directors are of the view that we shall be able to secure the venue of HKCEC and our role as the organiser of the Mega Shows in 2015 and onwards as our Directors reasonably believe that the Mega Shows to be held in October 2013 would not cause any negative effect on the HKCEC venue and would be in compliance with the rules and regulation of HKCEC, and the Mega Shows has a good reputation and track record based on the past track record of the Mega Shows during the Track Record Period. In the event that our Group fails to secure our role in the Mega Shows in the future, which our Directors reasonably believe is unlikely to happen, our Group is already in the process of diversifying our portfolio of exhibitions including the Singapore Asia Expo and the Berlin Expo, which will be recurring exhibitions, and also we shall conduct feasibility studies to explore into new exhibitions in different areas of the world as disclosed in the paragraph headed “Business strategies” in this section, and also consider potential acquisition opportunities or for cooperation with other players in the exhibition industry in Hong Kong or overseas as disclosed in the section headed “Future plans and use of proceeds from the Share Offer” in this prospectus. To the best of our Directors’ knowledge and belief, when HKCEC Management entered into the licence agreements with us for the Mega Shows to be held in October 2013, they had considered the experience of our management team, the reputation of the Mega Shows, the number of visitors attended and the occupancy of the venue.

Entering into licence agreement for the Mega Shows from 2015 onwards

In order to ensure that our Group shall remain the organiser of the Mega Shows, we need to ensure that HKCEC Management would enter into a licence agreement with us to secure the occupancy of the venue in the same time slot in October for the Mega Shows each year. There are no stringent or specific qualifications or eligibility criteria imposed by HKCEC Management that we must meet in order for HKCEC Management to enter into a licence agreement with us. However, regarding whether to enter into licence agreement with recurring organisers, HKCEC Management would consider factors such as the payment history of the relevant organisers and whether the rules and regulations of HKCEC venue were complied with by the recurring organisers in the previous exhibitions.

In order to ensure ongoing compliance with all applicable rules and regulations of HKCEC and HKCEC Management’s requirements in relation to the organisation of the Mega Shows, in general, when there are new operational staff members joining our Group, we will ensure that they would understand the rules and regulations of the HKCEC venue, by providing them with a handbook and also briefings by the operations manager in order to ensure that all our operational staff understands the relevant rules and regulations of the venue. Also, at approximately two weeks before the Mega Shows, our operational staff would have an internal meeting regarding the rules and regulations of the HKCEC venue in order to ensure that the operations would run smoothly and all rules and regulations would be complied with. Furthermore, our operations manager will be present at the venue during the entire Mega Shows from the moving-in stage of the exhibition until the entire exhibition completes to ensure that the exhibition operates in compliance with the rules and regulations of the venue.

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For recurring and existing exhibitions, although HKCEC Management does not enter into any long term agreement with organisers for the reservation of HKCEC venue, HKCEC Management will normally allocate and reserve the same exhibition venue under the same time slot for the next two to three years for recurring exhibitions (including the Mega Shows). Organisers of recurring exhibitions (including the Mega Shows) will have priority in renting the exhibition venue from HKCEC Management for the same time slot for holding the exhibition in the following year unless the organiser of the exhibition (i) fails to pay rental and other fees for ancillary services (such as catering services, etc.) on time; (ii) breaches the rules and regulations of the HKCEC venue; or (iii) organises the exhibition not in accordance with the exhibition profile form (which includes information regarding the exhibition to be held) submitted by the organiser to HKCEC Management before entry into the licence agreement. To the best knowledge of our Directors, the roles of Mr. Cheung and GIIL in the Mega Shows (which Mr. Cheung and GIIL will have no roles in the Mega Shows 2013) would not affect HKCEC Management's future decision as to whether to enter into further licence agreements with our Group.

To the best of our Directors' knowledge, the organiser of the Mega Shows in the past had fulfilled the rules and regulations of the HKCEC venue. Thus, as the Mega Shows has become a recurring and existing event in the HKCEC, HKCEC Management would consult the relevant organiser of the Mega Shows each year whether they intend to hold the Mega Shows in the following year, and if so, HKCEC Management shall provide an official licence agreement for the rental of the venue for the following year. Subsequent to the Track Record Period, our Group has independently entered into the licence agreement with HKCEC Management for renting the venue of the Mega Shows 2014.

Having considered (i) our Group's efforts to diversify its existing exhibition portfolio, (ii) our Group's ability in hosting the Mega Shows in the HKCEC venue in the future, and (iii) our Group's solid experience in organising and managing the Mega Shows, our Directors are of the view and the Sole Sponsor concurs that our Group's business is sustainable.

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Timeline of cash receipts and payments as the organiser and project manager of the Mega Shows

As our Group was the project manager for the Mega Shows in 2012 and will become the organiser for the Mega Shows in 2013, the following table is to illustrate the major timeline difference of cash receipts and payments as an organiser and project manager for the Mega Shows:

Month	No. of months before exhibitions												Exhibition month	No. of month after exhibition				
	13 Sep	12 Oct	11 Nov	10 Dec	9 Jan	8 Feb	7 Mar	6 Apr	5 May	4 Jun	3 Jul	2 Aug	1 Sep	Oct	1 Nov			
Cash inflow																		
(i) Participation fee																		
Organiser	←—————												Throughout the period	—————→				
Project manager	←—————												Throughout the period	—————→				
Cash outflow																		
(i) Venue rental																		
Organiser	10%								30%		60%							
Project manager	←—————												N/A	—————→				
(ii) Share of revenue																		
Organiser	←—————												N/A	—————→				
Project manager													Correspond to the participation fee inflow					
(iii) Venue ancillary services																		
Organiser													100%					
Project manager	←—————												N/A	—————→				
(iv) Contracting (Standard booths)																		
Organiser													← 30% →		30%	40%		
Project manager													← 30% →		30%	40%		
(v) Contracting (Additional facilities)																		
Organiser																	100%	
Project manager																	100%	
(vi) Advertising expenses																		
Organiser	←—————												Throughout the period	—————→				
Project manager	←—————												Throughout the period	—————→				
(vii) Staff and sales agents commission																		
Organiser	←—————												Correspond to the participation fee inflow		—————→	F		
Project manager	←—————												Correspond to the participation fee inflow		—————→	F		

F: Final settlement of sales agents commission

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INSURANCE

Our Group maintains social security funds for its employees in the PRC as required by the relevant national and local labour and social welfare laws and regulations.

As at the Latest Practicable Date, we participated in a provident fund scheme registered under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all our eligible employees in Hong Kong. As at the Latest Practicable Date, we also provide employee compensation insurance for our Hong Kong staff.

For exhibitions organised or managed by our Group, we take out third party liability insurance for the venue event. During the Track Record Period, our Group was in compliance with the third party liability insurance requirements for each venue event which we are the organiser or project manager.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we were the registered owner of the trademark “” in Hong Kong. The trademark relates to our corporate logo. As at the Latest Practicable Date, we were the registered owner of seven domain names which are material in relation to our business operation. Further information in relation to our intellectual property rights is set out in Appendix IV to this prospectus.

Our application form stipulates and requires our exhibitors to warrant their products displayed in the exhibitions organised or managed by us do not infringe or breach intellectual property rights or otherwise contravene any applicable laws in the country where the exhibition is held. During the exhibition, in the event we receive any complaint in relation to the display of possible counterfeit products by our exhibitors, we and/or our legal advisers will request our exhibitors to withdraw such products from the exhibitions. Local customs authorities in Hong Kong will also survey our trade exhibitions in Hong Kong to detect the existence of possible counterfeit goods. We will also take into account such misconduct when we consider future booth application and may reject application from such exhibitors.

Our Group has not encountered any material incidents involving the display of counterfeit products during the Track Record Period and up to the Latest Practicable Date. As advised by our Hong Kong Legal Counsel, our Group may be liable for intellectual property rights infringement such as counterfeit products displayed in our exhibitions if we authorise or permit such infringement in our exhibitions. As our application form clearly states that we do not permit such infringement of intellectual property rights, and that the exhibitors shall indemnify us in case of any liability we incurred in relation to breach of intellectual property rights by the exhibitors, we shall be eligible to claim for compensation from the exhibitors if there shall be any infringement of intellectual property rights by them.

SAFETY AND ENVIRONMENTAL PROTECTION

Due to the nature of our business, our operational activities do not directly generate industrial pollutants and do not raise any material safety or health related concerns, and we did not incur directly any cost of compliance with applicable environmental protection rules and regulations during the Track Record Period. Our Directors expect that we will not directly incur significant cost for compliance with

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applicable environmental protection rules and regulations in the future. As at the Latest Practicable Date, we had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection and safety or any material complaints from our exhibitors, visitors, and venue provider in respect of safety and health issues relating to exhibitions organised or managed by us.

Our Directors are of the view that there are no environmental and safety laws and regulations which may affect the provision of our services in any material respect, and that our exhibition activities are in compliance with the applicable laws and regulations of the region in which our exhibition are located in respect of environmental protection and safety and fire hazards.

EMPLOYEES

As at the Latest Practicable Date, we had hired approximately 126 full-time employees. Set out below is a breakdown of the number of our full-time employees by function:

Division	Number		
	Hong Kong	PRC	Total
Management	8	3	11
Sales	27	–	27
Marketing and data	3	11	14
Operation	5	–	5
Customer service	5	27	32
Design	5	1	6
Publication	3	–	3
Information technology	8	2	10
Accounting and administration	12	6	18
Total	76	50	126

We recruit or appoint our personnel from the open market and we enter into employment contracts with them respectively. We offer competitive remuneration packages to our employees, including salaries and bonuses to qualified employees.

We usually start our recruiting process for suitable employees when individual department heads consider that they would need more staff members to carry out duties of the department. Our newly recruited staff members will be provided with introductory briefing sessions such as sales training by our senior staff members upon their joining our Group.

As at the Latest Practicable Date, we have not experienced any strikes, work stoppages or labour disputes which affected our operations and we believe we have maintained good working relations with our employees.

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COMPETITION

According to the Industry Report, in 2012, there were about 52 trade exhibition organisers in Hong Kong. The number of trade exhibition organisers was about 11 in 2005, but the opening of the AWE in 2006 introduced new competition to the trade exhibition industry. As at the Latest Practicable Date, key trade exhibition organisers in Hong Kong include HKTDC, UBM Asia Ltd., and Global Sources.

According to the Industry Report, HKTDC organises trade exhibitions throughout the year, while our Group organises Hong Kong local trade exhibitions only in October, being the peak season of the year. Moreover, HKTDC organises trade exhibitions for various industries or topics, with a specific focus in one industry or topic each for each exhibition. Meanwhile, the Mega Shows held by our Group cover various industries or topics, such as housewares, premiums and toys industries, etc. Although HKTDC and our Group are major trade exhibition organisers in Hong Kong, they are not in a direct competition as their business models are different.

In order to compete with the competitors, our Group enhances participation of exhibitors and visitors in exhibitions organised or managed by us by providing or procuring the provision of value-added services to exhibitors and visitors such as booth construction arrangement services, advertising services in our fair catalogue. Also, our Group is providing a platform for a mix of Asian manufacturers to a mix of international visitors for toys, gifts, premium and housewares. During the Track Record Period, when our Group acted as the project manager and also provided Exhibition Related Services for the Mega Shows, the Mega Shows had over 4,000 exhibitors and 55,000 visitors each year respectively. According to the Industry Report, Mega Show Part I held in 2012 ranked second in terms of number of exhibitors in Hong Kong. Our Directors believe that this indicates the success of the Mega Shows and our Group's market position in the exhibition industry. Nevertheless, we recognise the need to further strengthen our Group's reputation in order to expand internationally.

According to the Industry Report, the trade exhibition industry has been growing at a steady pace in Hong Kong. Because of the importance of exhibition industry to a country's successful image, many governments and private organisations have been working progressively on to improve their exhibition industries, such as expanding their exhibition space. In 2011, the US, the PRC, Germany, Italy and France were the top five countries who saw the largest increase in exhibition space available, of which the five countries together accounted for about 59% of the total indoor exhibition space worldwide. As more exhibition space becomes available, new or newly-expanded venues will aggressively try to attract more exhibition organisers. This will further increase the competitiveness of the exhibition industry worldwide. With limited venues in Hong Kong, space remains highly sought after and increasing competitions will be seen among organisers, including our Group, who try to compete amongst each other when booking exhibition space. As such, if the opportunity arises in the future, our Group may consider the possibility to acquire suitable premises for managing and organising our own exhibitions in order to secure exhibition space as and when our Directors consider appropriate.

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PROPERTY INTERESTS

As at the Latest Practicable Date, to support our business activities and operations, we leased three premises in Hong Kong with a total floor area of approximately 4,044 sq.m in aggregate as offices and staff quarters. We also leased three premises in the PRC with a total floor area of approximately 747 sq.m in aggregate as offices. All of our leases were entered into with Independent Third Parties and we were using the leased premises in accordance with the purposes stated in the respective tenancy agreements.

As at the Latest Practicable Date, we leased the following properties located in Hong Kong:

- (a) a property located at Flat B, 15th Floor, Ting Hing Building, No. 73 Ting On Street, Kowloon, Hong Kong leased by us from an Independent Third Party in March 2012 for a term until March 2014, with a gross floor area of approximately 40 sq.m at a monthly rent of HK\$7,000 (inclusive of property tax, government rent, rates and management charges). It is currently occupied by our Group as staff quarters;
- (b) a property located at 23rd Floor, Exchange Tower, No. 33 Wang Chiu Road, Kowloon, Hong Kong leased by us from an Independent Third Party, from September 2012 until December 2013, with a gross floor area of approximately 2,508 sq.m at a rental fee of HK\$640,356 per month (exclusive of government rent, rates and management charges). It is currently occupied by our Group for office purpose. In July 2013, the property was transferred by the landlord to another Independent Third Party. To the best of our Directors' knowledge, both landlords do not have any past or present relationship with Mr. Cheung or GIL Group, save the tenancy of the property; and
- (c) a property located at 38th Floor, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon, Hong Kong, leased by us from an Independent Third Party, from October 2013 to October 2016, with a gross floor area of approximately 1,496 sq.m at a rental fee of HK\$579,600 per month (exclusive of air-conditioning charges, management fees, rates, government rent and all other tenant's outgoings). It is expected to be occupied by our Group for office purpose in place of the property stated in (b) above.

As at the Latest Practicable Date, we leased the following properties located in the PRC:

- (d) a property located at Flat 2007 to 2008, Yitian Road West and Fuzhong Road North, New World Business Center, Futian, Shenzhen from an Independent Third Party in May 2013 for a term from June 2013 until May 2016, with a gross floor area of approximately 352 sq.m at a rent of RMB73,953.6 per month (exclusive of management fees, water and electricity charges). As at the Latest Practicable Date, it was being renovated by our Group for office purpose;
- (e) a property located at Flat 2009 to 2010, Yitian Road West and Fuzhong Road North, New World Business Center, Futian, Shenzhen from an Independent Third Party in May 2013 for a term from June 2013 until May 2016, with a gross floor area of approximately 241 sq.m at a rent of RMB50,547 per month (exclusive of management fees, water and electricity charges). As at the Latest Practicable Date, it was being renovated by our Group for office purpose; and

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- (f) a property located at Flat B1801 and Flat B1811, Block B, Nanfang International Center, No. 3013 Yitian Road, Futian District, Shenzhen from an Independent Third Party in July 2013 for a term from July 2013 to November 2013, with a gross floor area of approximately 154 sq.m at a rent of RMB20,780 per month. As at the Latest Practicable Date, it is being used as a temporary office by our Group until the renovation of the properties stated in (d) and (e) above is completed.

As at the Latest Practicable Date, to the best of our Directors' knowledge for the property stated in (a) above, which lease is subject to the consent of the mortgagee, the landlord had not obtained the consent of the mortgagee. In the event that the mortgagee obtains possession of the property which our Group has no security of tenure as against the mortgagee due to the lack of mortgagee consent, our Directors confirm that we shall relocate our staff quarters and it shall not have any material effect on our Group.

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

We are not aware of any material legal or administrative proceedings currently existing or pending against us as of the Latest Practicable Date.

REGULATORY COMPLIANCE AND TAXATION

As advised by our German Legal Advisers, for organising exhibitions in Germany, our Group requires either a licence ("**Licence**") from the regulatory agency of the competent municipality or we have to make a notification ("**Notification**") to such competent authority. During the Track Record Period, our Group had obtained the required Licence for the 2012 Berlin Expo and the 2013 Berlin Expo. To ensure continued compliance with the applicable German regulations, our Group will continue to obtain such Licence for our Berlin Expo in the future. As advised by our German Legal Advisers, our Group has fulfilled the relevant requirements and is in compliance with the applicable German laws and regulations. Our Directors also confirm that they are aware of the applicable requirements and will ensure that there is no deviation from our Group's policy to fully comply with the applicable German laws and regulations.

As advised by our Hong Kong Legal Counsel, the PRC Legal Advisers, Singapore Legal Advisers, German Legal Advisers, Russia Legal Advisers and the US Legal Advisers, our Group had obtained the necessary approvals, if any, from the relevant governmental authorities in respect of all the exhibitions participated by our Group in Hong Kong, the PRC, Singapore, Germany, Russia and the US during the Track Record Period and up to the Latest Practicable Date, save for certain cases of non-compliance incidents set out below. Please refer to the section headed "Regulations" in this prospectus for the laws and regulations applicable to our operations in Hong Kong, the PRC, Singapore, Germany and the US. Save as disclosed in the section headed "Regulations" in this prospectus, there are no other licences required for organisation of our exhibitions. Regarding the relevant licence to be obtained under the Places of Public Entertainment Ordinance, as advised by our Hong Kong Legal Counsel, we do not have to obtain such licence for our trade exhibitions organised in Hong Kong (i.e. the Mega Shows) as there are entry restrictions and they are enforced by our Group. In relation to our consumer exhibition, Hong Kong International Buddhist Fair held in 2011, as advised by our Hong Kong Legal Counsel, our Group would probably have to obtain, and we had obtained such licence at the relevant time. As advised by our Hong Kong Legal Counsel, our Group had obtained the relevant licenses for the organisation of the Mega Shows in Hong Kong.

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Overseas tax exposure

German tax

According to the Tax Adviser, our Group is not subject to any kind of German corporation tax in relation to the organisation of the Berlin Expo.

In respect of our Group's German corporation tax exposure, the Tax Adviser took into account the view of the German Legal Advisers that since the services rendered by our Group contain leasing the booths which see a risk that such income is qualified as German source income, considered that although the activity of our Group implies letting the booths to others, it is characterised by services that exceed the pure letting of booths. Our Group contacted visitors, organised advertisement for the exhibition, organised the whole exhibition and in the meaning of German tax law the nature of our Group's activity is that of a commercial activity, not that of renting-out things. Accordingly, the Tax Adviser considered that our Group did not generate income from renting-out things for the purpose of German tax law and is not subject to German corporation tax.

Singapore tax

According to the Tax Adviser, our subsidiary generated revenue of approximately HK\$14 million from Singapore Asia Expo 2011 and, after taking into account all relevant corporate expenses, had relevant profit of approximately HK\$72,000 for the period from 21 March 2011 to 30 June 2012. Therefore, our subsidiary is liable to Singapore corporate tax of approximately HK\$17,000, and the relevant Singapore tax filing is in progress. Our subsidiary generated revenue of approximately HK\$11 million from Singapore Asia Expo in 2012, which, after taking into account all relevant corporate expenses, resulted in a loss of approximately HK\$1.2 million for the year ended 30 June 2013. Such loss fell within the next year of assessment and the tax filling due date will be on 30 November 2014.

US tax

According to the Tax Adviser, our Group is not subject to any US tax liability and the relevant US tax filing is in progress.

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HISTORICAL NON-COMPLIANCE

Non-compliant incidents	Cause(s) of non-compliance, legal consequences and potential maximum legal consequences	Provisions on financial statements and financial impact	Personnel involved in the non-compliance incidents	Rectification actions taken/ to be taken and latest status	Internal control measures to prevent any future breaches and ensure ongoing compliance
Non-compliance with PRC social insurance fund contribution requirements	<p>Our senior management has delegated the function of calculating and making payment of social insurance to the accounts personnel of Shenzhen Hengjian; due to lack of professional legal advice, they were not aware that calculation of some employees, contribution to social insurance made by the accounts manager of Shenzhen Hengjian at the relevant time was not based on actual salary paid to the employees.</p> <p>Our PRC Legal Advisers advised that the relevant social insurance fund authority in the PRC may require Shenzhen Hengjian to make retrospective payment of all outstanding social insurance fund contributions and may be subject to a penalty of 0.05% of the outstanding social insurance contribution, per day as from the due date on which the social insurance contributions should have been made and until the date on which such outstanding social insurance contribution has been made in full and an additional fine in an amount which is equivalent to one to three times of the undeclared amounts. The retrospective payment is estimated to be RMB90,639 (HK\$108,767).</p> <p>As confirmed by competent local authorities, no administrative penalties have been imposed on Shenzhen Hengjian because of the breach of the regulations regarding labour supervision from November 2010 to March 2013, and to the best knowledge of our Directors, Shenzhen Hengjian have made contributions for social insurance funds from February 2013 onwards.</p>	Nil**	Mr. Si Tze Fung	Shenzhen Hengjian made the full contribution to the social insurance contribution since February 2013.	Our Group will designate the personnel in the PRC to review the number of valid employment agreements of our Group and to make a monthly report regarding the relevant amount of social insurance fund contribution payable to the relevant local authorities with reference to the actual salaries paid summary. Such monthly report shall be further reviewed by the manager who oversee PRC personnel matters. Our general sales manager of our China Division shall also be designated to regularly review the records and reports regarding the social insurance fund contribution. The designated staffs and the member of senior management shall also be aware of any changes to the relevant rules and regulations on social insurance fund contribution requirements, or seek for legal advice if necessary. The measure shall apply to other PRC operations of our Group, if any.

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Non-compliant incidents	Cause(s) of non-compliance, legal consequences and potential maximum legal consequences	Provisions on financial statements and financial impact	Personnel involved in the non-compliance incidents	Rectification actions taken/ to be taken and latest status	Internal control measures to prevent any future breaches and ensure ongoing compliance
Failure to register the change of particulars of Ningbo Tianyi in a timely manner	<p>Our senior management, due to lack of professional legal advice, was unaware of the relevant PRC registration requirements, hence particulars of the company were changed but not registered with the competent authority and it was not reported to our senior management properly.</p> <p>Our PRC Legal Advisers advised that should any change of particulars not be registered at the competent authority in accordance with the relevant regulation, the competent authority may issue an order to request such change of particulars to be registered within a time period. A fine of RMB10,000 to RMB100,000 may be imposed on the offender for failure to comply with the order.</p> <p>As advised by our PRC Legal Advisers, should Ningbo Tianyi make necessary applications with the competent authority in accordance with the relevant regulations and order(s) to be issued by competent authority (if any), Ningbo Tianyi should not foresee any significant obstacle in effecting the registrations.</p> <p>As advised by our PRC Legal Advisers, our Group shall not be liable for any administrative penalty caused thereby upon completion of deregistration of Ningbo Tianyi.</p>	Nil**	Mr. Si Tze Fung	As at the Latest Practicable Date, Ningbo Tianyi had updated the particulars regarding the name of its shareholder, Mega Expo (HK). However, the registered address of Ningbo Tianyi had not been updated and as Ningbo Tianyi is in the course of arranging for voluntary deregistration, our Directors consider that it would not be necessary to update the registered address anymore as it would not have any material effect in the deregistration process as advised by our PRC Legal Advisers.	Our Group will designate our general sales manager of our China Division to closely monitor any change in particulars of company and prepare all required documentations on timely basis. For any material changes in particulars of company, we will seek legal advice for proper filing in order to comply with the relevant requirements. The measure is applicable to other locations of our Group's operations.

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Non-compliant incidents	Cause(s) of non-compliance, legal consequences and potential maximum legal consequences	Provisions on financial statements and financial impact	Personnel involved in the non-compliance incidents	Rectification actions taken/ to be taken and latest status	Internal control measures to prevent any future breaches and ensure ongoing compliance
Non-compliance with section 122 of the Companies Ordinance	<p>The management did not receive competent and timely professional advice on the ongoing compliance requirements under the Companies Ordinance especially the requirement under section 122(1A) of the Companies Ordinance.</p> <p>The maximum penalties on a summary presentation are a fine of HK\$300,000 and/or imprisonment for 12 months.</p>	Nil [#]	Mr. Si Tze Fung	<p>An application was made to the High Court of Hong Kong on 19 February 2013 for extending the time limit for the laying of the audited accounts pursuant to section 122(1B) of the Companies Ordinance.</p> <p>Mega Expo (HK) had obtained a court order on 22 March 2013 allowing the extension of time limit for the laying of the audited accounts under section 122(1A) of the Companies Ordinance. Our Hong Kong Legal Counsel advised that none of the directors of Mega Expo (HK) shall be taken as committing an offence and none of them would be liable for a fine and/or imprisonment on a summary prosecution under the Companies Ordinance upon obtaining of the court order.</p>	Our Group has designated Mr. Lee and the company secretary to monitor the annual filings and accounts requirements pursuant to the Companies Ordinance of Hong Kong and will also seek assistance from our external legal advisers if necessary in order to ensure full compliance with the statutory requirements in the future.

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Non-compliant incidents	Cause(s) of non-compliance, legal consequences and potential maximum legal consequences	Provisions on financial statements and financial impact	Personnel involved in the non-compliance incidents	Rectification actions taken/ to be taken and latest status	Internal control measures to prevent any future breaches and ensure ongoing compliance
<p>Non-compliance regarding foreign exchange control regulations in the PRC</p>	<p>Inadvertent oversight and lack of competent legal advice by the senior management regarding the foreign exchange control regulations at the relevant time.</p> <p>Some of the exhibitors located in the PRC in relation to our exhibitions of our Group have remitted their amount payable to us (which comprised mainly exhibition participation fees, and fees for additional facilities such as extra chair(s), table(s) or decoration(s) to be provided to the exhibitor(s) during the exhibition period as requested by the exhibitor(s)) in RMB to personal bank account(s) of our Director or employees of our sales department instead of to the bank accounts of our Group operated in Hong Kong for convenience purposes.</p> <p>According to the relevant PRC laws and regulations and as advised by our PRC Legal Advisers, as the total amount involved in the Personal Arrangement was less than USD200,000 and the amount of gains through the Personal Arrangement was less than RMB50,000, the activities involved in the Personal Arrangement would not be subjected to criminal sanction in the PRC. As advised by our PRC Legal Advisers, the Personal Arrangement may be subject to and in breach of the relevant foreign exchange control regulations in the PRC, and our Group might be ordered to convert the funds used in contravention of such regulations back into the original currency by the relevant foreign exchange administrative authority and fined up to 30% of the amount involved. The total amount involved in the Personal Arrangement amounted to approximately HK\$1.30 million, while for each of the four years ended 30 June 2013, the amount involved in the Personal Arrangement were approximately HK\$320,000, HK\$230,000, HK\$220,000 and HK\$530,000 respectively. Taking into account that the revenue of our exhibitions are recognised after the completion of each exhibition during the Track Record Period, the amount involved in the Personal Arrangement represent about nil%, 0.29%, 0.07%, 0.24% of our total revenue for each of the four years ended 30 June 2013. Based on the total amount involved of about HK\$1.30 million and calculated as above, the fine payable, if any, is expected to be up to approximately HK\$390,000. As advised by our PRC Legal Advisers, according to the PRC Administrative Penalties Law (《中華人民共和國行政處罰法》), no administrative penalties shall be imposed regarding any specific Personal Arrangement where such correspondent arrangement is not discovered by the relevant administrative authority after two years from the date of the relevant breach.</p> <p>Our Directors confirm that there should not be any operational or financial impact to our Group after the cessation of the Personal Arrangement, unless the PRC exhibitors which were involved in the Personal Arrangement choose not to reserve booths in respect of our exhibitions in the future due to the cessation of the Personal Arrangement, and we are not able to sell any of those relevant booths to other potential exhibitor(s). In such case and also take into account the possible fine, if any, payable by us for breach of the relevant PRC foreign exchange laws and regulations, and that our Group would not be subject to criminal sanction in the PRC as advised by our PRC Legal Advisers, the estimated total financial impact to us would be approximately HK\$1.77 million. Our Directors also consider that as the amount involved in the Personal Arrangement represented only about nil%, 0.29%, 0.07% and 0.24% of our total revenue for the four years ended 30 June 2013 respectively, they do not consider there would be any operational or financial impact to our Group as a result of the ceasing of the Personal Arrangement.</p>	<p>Nil*</p>	<p>Mr. Si Tze Fung</p>	<p>All such Personal Arrangement had ceased on 1 January 2013</p>	<p>Our Group shall not allow such Personal Arrangement and our general sales manager of our China Division shall ensure that all members of our Group would not provide Personal Arrangement with any PRC exhibitors of our Group during the tenure of their employment or directorship under our Group. Our Group has informed all staff not to collect any sales receipts from exhibitors on behalf of our Group. In the event that there are receipts by staff from exhibitors on behalf of our Group, the relevant staff shall immediately report to the management, and at the same time, the relevant staff shall inform the relevant exhibitor that the Personal Arrangement is prohibited by our Group, and that the amount received by the relevant staff from the relevant exhibitor shall be refunded to the relevant exhibitor, and the relevant staff shall request the relevant exhibitor to make payment directly to our Group. Finally, our Group has designated our accounts department to review the monthly bank statements in order to monitor whether the payment from exhibitors are properly received and to confirm there are no payment made via the Personal Arrangement. Our accounts department will report to the management whenever there is any non-compliance with the new policy.</p>

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Non-compliant incidents	Cause(s) of non-compliance, legal consequences and potential maximum legal consequences	Provisions on financial statements and financial impact	Personnel involved in the non-compliance incidents	Rectification actions taken/ to be taken and latest status	Internal control measures to prevent any future breaches and ensure ongoing compliance
Registration of business in Singapore	<p>Our management did not obtain adequate legal advice regarding whether we need to register our business in Singapore, and we then considered that as our preparation of the Singapore Asia Expo was carried out in Hong Kong instead of in Singapore, we believed that we were not carrying on business in Singapore.</p> <p>The maximum penalty shall be a fine not exceeding S\$5,000 or imprisonment of directors and/or officers for a term not exceeding 12 months or both. However, as advised by our Singapore Legal Advisers, the Singapore courts may decide that a custodial sentence would be appropriate if the failure to register is deliberate or reckless, which our Directors confirm was not the case. In light of these circumstances, our Singapore Legal Advisers advised that it is unlikely that the courts will impose the relevant custodial sentence on any director or other officers of Mega Expo (BVI).</p> <p>Also, as advised by our Tax Adviser, and as disclosed on page 34 in the section headed "Risk factors" in this prospectus, if we are considered to be carrying on business in Singapore, we may need to pay corporate tax in the amount of HK\$17,000 for the Previous Singapore Asia Expos, subject to possible late penalties not exceeding S\$1,000 for non-notification. Our Group has undertaken that any outstanding corporate tax for the Previous Singapore Asia Expos and any related fine for late notification would be paid within the stipulated due date upon request by the relevant tax authority in Singapore.</p> <p>Our Tax Adviser advise that the above penalties can be imposed retrospectively.</p>	Nil**	Ms. Cheung See Wan, who is our project manager of our Group	<p>As at the Latest Practicable Date, Mega Expo (BVI) had registered a branch office in Singapore, Mega Expo (SG), in order to ensure compliance with the relevant laws and regulations.</p> <p>As at the Latest Practicable Date and as advised by our Singapore Legal Advisers, our Group had effected a late filing to register our Group's business in Singapore to rectify the non-compliance with the relevant laws and regulations and paid a composition fine in the amount of S\$300.</p> <p>According to the Tax Adviser of our Group, our Group is liable to Singapore corporate tax, and the relevant Singapore tax filing is in progress.</p>	<p>Our Group has designated Mr. Khan Javed Iqbal and project managers to oversee the licence and permit matters of our Group. Mr. Khan Javed Iqbal will supervise the renewal and application of all required licences, permits and approvals by monitoring the relevant expiration dates and seek external legal advice, if necessary.</p> <p>Training had been provided by our Singapore Legal Advisers and Tax Adviser.</p>

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Non-compliant incidents	Cause(s) of non-compliance, legal consequences and potential maximum legal consequences	Provisions on financial statements and financial impact	Personnel involved in the non-compliance incidents	Rectification actions taken/ to be taken and latest status	Internal control measures to prevent any future breaches and ensure ongoing compliance
<p>Registration of business and qualification to do business in Nevada, US</p>	<p>Our management did not have competent legal advice regarding whether we need to register our business and qualify to do business in the US, and we then considered that our preparation of the Vegas Expo was carried out in Hong Kong instead of in the US, we believed that we were not carrying on business in the US.</p> <p>If our Group fails to obtain a Nevada business license and a relevant court in the US finds that our Group was required to obtain such a license, our Group would be subject to a penalty in the amount of US\$100. Also, if our Group fails to qualify to do business in Nevada and a relevant court in the US finds that our Group was indeed conducting business in Nevada, our Group would be subject to a fine of not less than US\$1,000 and not more than US\$10,000. In addition, our Group may not commence or maintain any action or proceedings in any court in Nevada before we qualify to do business and obtain a Nevada license.</p> <p>Our US Legal Advisers advise that the above penalties can be imposed retrospectively.</p>	<p>Nil**</p>	<p>Ms. Cheung See Wan, who is our project manager of our Group</p>	<p>As at the Latest Practicable Date, Mega Expo (USA) and its subsidiary Mega Expo (U.S.A) Inc., which was incorporated on 12 April 2013, had been registered in Nevada, US, and made necessary filings and obtained relevant qualification and licences in order to ensure compliance with the relevant laws and regulations.</p>	<p>Our Group has designated Mr. Khan Javed Iqbal, and project managers to oversee the licence and permit matters of our Group. Mr. Khan Javed Iqbal will supervise the renewal and application for all required licences, permits and approvals and monitor the pending expiration dates and seek external legal advice, if necessary.</p> <p>Training had been provided by our US Legal Advisers.</p>

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Non-compliant incidents	Cause(s) of non-compliance, legal consequences and potential maximum legal consequences	Provisions on financial statements and financial impact	Personnel involved in the non-compliance incidents	Rectification actions taken/ to be taken and latest status	Internal control measures to prevent any future breaches and ensure ongoing compliance
Travel arrangement services	<p>Our senior management did not have competent legal advice regarding whether we are required to register as a travel agent under the TAO, and we then believed that as we only assisted exhibitors to arrange for travel and accommodation, there was no need for us to register as a travel agent.</p> <p>By section 48 of the TAO, a person contravening this requirement is guilty of an offence and is liable on conviction to a fine and imprisonment. By section 49 of the TAO, if the requirement is being contravened by a body corporate with the consent, connivance or neglect of an individual who is a controller, director, manager, secretary or similar officer of that body corporate, the individual is also guilty of the like offence.</p> <p>As advised by our Hong Kong Legal Counsel, if any member of our Group is prosecuted for and convicted of an offence under the TAO, the likely penalty would be a fine of less than HK\$10,000. Our Hong Kong Legal Counsel advised that the above penalties can be imposed retrospectively.</p>	Nil [#]	Mr. Si Tze Fung	Our Group will seek legal advice for any assistance regarding travel and accommodation should it be provided to our exhibitors in the future and will arrange for licensed travel agent to provide travel and accommodation services to exhibitors if necessary.	Our Group has designated Mr. Khan Javed Iqbal, to ensure that we will seek legal advice and apply for all required licence if necessary to provide assistance to our exhibitors regarding travel and accommodation as and when appropriate.

[#] *As at the Latest Practicable Date, no fine has been imposed by relevant government authorities.*

^{*} *Our Directors are of the view and the Reporting Accountants concurs that, after taking into account of the fact that the entire amount of fines if imposed by relevant government authorities will be indemnified by our Controlling Shareholders, no provision was made for the possible fines.*

Non-compliance with PRC social insurance fund contribution requirements

Shenzhen Hengjian is required under the relevant PRC laws and regulations to declare the social welfare amount based on the actual salaries of their respective employees and to contribute to employee social welfare schemes, such as pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance (together, “**social insurance**”) for the benefit of their own employees. Shenzhen Hengjian did not make social insurance fund contribution in full for its respective employees as required under the relevant PRC laws and regulations. The estimated aggregate underpaid amounts of social insurance contributions payable by Shenzhen Hengjian was about RMB90,639.

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According to our PRC Legal Advisers, under the relevant PRC laws, regulations and local policies, Shenzhen Hengjian might be required to make retrospective payment of all outstanding social insurance contributions within a prescribed period. Shenzhen Hengjian might also be liable to an overdue penalty of 0.05% of the outstanding social insurance contributions per day as from the due date on which the social insurance contributions should have been made until the date when such outstanding social insurance contribution is made to the relevant authority in full. Besides, Shenzhen Hengjian might be ordered to rectify the declared social welfare amount based on the actual salaries of their respective employees and might be penalised to pay fine in an amount which is equivalent to one to three times of the undeclared employees salaries. No provision has been made by our Group in the combined financial statements of our Group for any fines, penalty or late payment fees.

As at the Latest Practicable Date, to the best knowledge of our Directors, since their respective establishments, Shenzhen Hengjian had not been subject to any administrative penalty actions in respect of the above non-compliance. In view of such non-compliance, Shenzhen Hengjian had since February 2013 requested their respective employees to make social insurance fund contributions in accordance with the relevant PRC laws and regulations and local policies. Based on written confirmations from the competent local authorities, no administrative penalties have been imposed on Shenzhen Hengjian because of the breach of the regulations regarding labour supervision from November 2010 to March 2013. To the best knowledge of our Directors, Shenzhen Hengjian have made contributions for social insurance funds from February 2013 onwards in compliance with the relevant PRC laws and regulations and local policies.

As at the Latest Practicable Date, to the best knowledge of the Directors, we were not aware of any proceedings, claims, or disputes brought by employees of Shenzhen Hengjian regarding social insurance fund contributions against Shenzhen Hengjian. However, there is no assurance that such proceedings, claims or disputes will not be brought against Shenzhen Hengjian in the future, and that Shenzhen Hengjian will not be responsible for any related damages in the future.

Our Group will designate the personnel in the PRC to review the number of valid employment agreements of our Group and to make a monthly report regarding the relevant amount of social insurance fund contribution payable to the relevant local authorities with reference to the actual salaries paid summary. Such monthly report shall be further reviewed by the manager who oversee PRC personnel matters. Our general sales manager of our China Division shall also be designated to regularly review the records and reports regarding the social insurance fund contribution. The designated staffs and the member of senior management shall also be aware of any changes to the relevant rules and regulations on social insurance fund contribution requirements, or seek for legal advice if necessary. The measure shall apply to other PRC operations of our Group.

Failure to register the change of particulars of Ningbo Tianyi in a timely manner.

As advised by our PRC Legal Advisers, Ningbo Tianyi did not register the change of registered address and the name of its shareholder in accordance with the relevant regulations in a timely manner. According to the Regulations of the PRC on Administration of Registration of Companies (《公司登記管理條例》) (effective from 1 January 2006) (“**Registration Regulation**”), should any change of particulars not be registered at the competent authority in accordance with the Registration Regulation, the competent authority may issue an order (“**Registration Order**”) to request such change of particulars to be registered within a time period. A fine of RMB10,000 to RMB100,000 may be imposed on the offender for failure to comply with the Registration Order.

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As advised by our PRC Legal Advisers, the current address of Ningbo Tianyi differed from its registered address as at the Latest Practicable Date. On 20 July 2012, the name of the sole shareholder of Ningbo Tianyi, namely Mega Expo (HK), was changed from “Kenfair Exhibition (Hong Kong) Limited” to “Mega Expo (Hong Kong) Limited”, and such change was not registered with the competent authority. According to the Registration Regulation, any change of name of a shareholder of a company should be registered with the competent authority within 30 days after such change. As such, the registration of change of particulars in respect of (i) the registered address and (ii) name of the shareholder of Ningbo Tianyi has to be registered (“**Necessary Registrations**”).

As at the Latest Practicable Date, our Directors confirmed Ningbo Tianyi did not receive any Registration Order. As at the Latest Practicable Date, Ningbo Tianyi had updated the particulars regarding the change of name of its shareholder, Mega Expo (HK). However, the registered address of Ningbo Tianyi had not been updated and as Ningbo Tianyi is in the course of arranging for voluntary deregistration, our Directors consider that it would not be necessary to update the registered address anymore as it would not have any material effect in the deregistration process based on the advice of our PRC Legal Advisers. Regarding the aforesaid issues, the PRC Legal Advisers confirmed that should Ningbo Tianyi make necessary applications with the competent authority in accordance with the relevant regulations and the Registration Order(s) to be issued (if any), Ningbo Tianyi should not foresee any significant obstacle in effecting the Necessary Registrations.

Our Group will designate our general sales manager of our China Division to closely monitor any change in particulars of the company and prepare all required documentations on timely basis. For any material changes in particulars of company, we will seek legal advice for proper filing in order to comply with the relevant requirements. The measure is applicable to other locations of our Group’s operations.

Non-compliance with section 122 of the Companies Ordinance

According to section 122 of the Companies Ordinance, Mega Expo (HK)’s audited accounts shall be laid at annual general meetings within nine months from the date to which the audited accounts were made up. However, the audited accounts for the period from 11 March 2009 (date of incorporation) to 30 June 2009 were not laid until the annual general meeting of Mega Expo (HK) on 31 March 2011. On 19 February 2013, an application was made to the High Court of Hong Kong for extending the time limit for laying of accounts pursuant to section 122(1B) of the Companies Ordinance. As advised by our Hong Kong Legal Counsel, as Mega Expo (HK) had obtained a court order on 22 March 2013 allowing the extension of time limit for the laying of its accounts under section 122(1A) of the Companies Ordinance, none of the directors of Mega Expo (HK) shall be taken as having committed an offence and none of them would on summary prosecution be liable to a fine and/or imprisonment under section 122 of the Companies Ordinance upon obtaining of the court order.

Our Group has designated Mr. Lee and the company secretary to monitor the annual filings and accounts requirements pursuant to the Companies Ordinance and will also seek our external legal advisers’ assistance if necessary in order to ensure full compliance with the statutory requirements in the future.

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Non-compliance regarding foreign exchange control regulations in the PRC

During the Track Record Period, some of the exhibitors located in the PRC in relation to our exhibitions of our Group had remitted their amounts payable to us (which comprised mainly exhibition participation fees, and fees for additional facilities such as extra chair(s), table(s) or decoration(s) provided to the exhibitor(s) during the exhibition period as requested by the exhibitor(s)) in RMB to personal bank account(s) of our Director or employees of our sales department instead of the bank accounts of our Group operated in Hong Kong for convenient purposes. Our Director and certain employees of our sales department, in turn, transferred by using personal cheques or bank transfer to pay an equal amount of funds in Hong Kong Dollars from their respective personal bank account to the bank account of our Group located in Hong Kong (the “**Personal Arrangement**”). The total amount involved in the Personal Arrangement amounted to approximately HK\$1.30 million, while for each of the four years ended 30 June 2013, the number of customers involved in the Personal Arrangement were 13, 17, 13 and 41 customers and the amount involved in the Personal Arrangement were approximately HK\$320,000, HK\$230,000, HK\$220,000 and HK\$530,000 respectively. Taking into account that the revenue of our exhibitions are recognised after the completion of each exhibition during the Track Record Period, the amount involved in the Personal Arrangement represent about nil%, 0.29%, 0.07%, 0.24% of our total revenue for each of the four years ended 30 June 2013. The Personal Arrangement had ceased since 1 January 2013.

According to the relevant PRC laws and regulations and as advised by our PRC Legal Advisers, as the total amount involved in the Personal Arrangement was less than USD200,000 and the amount of gains through the Personal Arrangement was less than RMB50,000, the activities involved in the Personal Arrangement would not be subject to criminal sanction in the PRC. As further advised by our PRC Legal Advisers, the Personal Arrangement may be subject to and in breach of the relevant foreign exchange control regulations in the PRC, the result of which, as advised by our PRC Legal Advisers, our Group might be ordered to convert the funds used in contravention of such regulations back into the original currency by the relevant foreign exchange administrative authority and fined up to 30% of the amount involved. Based on the total amount involved of about HK\$1.30 million and calculated as above, the fine payable, if any, is expected to be up to approximately HK\$390,000.

Our Directors have confirmed that there should not be any operational or financial impact to our Group after the cessation of the Personal Arrangement, unless the PRC exhibitors which were involved in the Personal Arrangement choose not to reserve booths in respect of our exhibitions in the future due to the cessation of the Personal Arrangement, and we are not able to sell any of those relevant booths to other potential exhibitor(s). In such case and also taking into account the possible fine, if any, payable by us for breach of the relevant PRC foreign exchange laws and regulations, and that our Group would not be subject to criminal sanction in the PRC as advised by our PRC Legal Advisers, the estimated total financial impact to us would be approximately HK\$1.77 million. The PRC legal advisers are of the view and the Sole Sponsor concurs that, it is possible that our Group may be ordered to convert the relevant funds back into the original currency and be fined up to approximately HK\$390,000 by the relevant foreign exchange administrative authority. However in the event that our Group is subject to fine by the relevant foreign exchange administrative authority, according to the Deed of Indemnity provided by the Controlling Shareholders, the Controlling Shareholders will indemnify our Group, on demand, from and against, among others, all losses, claims, actions, demands, liabilities, damages, costs, expenses, fines and of whatever nature suffered or incurred directly or indirectly as a result of and in connection with the

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Personal Arrangement in accordance with the terms of the Deed of Indemnity. As such it is not expected that the relevant fines (if imposed), will have any material impact on our Group's financial position and operations. Our Directors also consider that as the amount involved in the Personal Arrangement represented only approximately nil, 0.29%, 0.07% and 0.24% of our total revenue for each of the four years ended 30 June 2013 respectively, they are of the view that, and the Sole Sponsor concurs, there would not be any operational or financial impact to our Group as a result of the ceasing of the Personal Arrangement.

Our Group shall not allow such Personal Arrangement and our general sales manager of our China Division shall ensure that all members of the sales department would not provide Personal Arrangement with any PRC exhibitors of our Group during the tenure of their employment under our Group. Our Group has informed all staff not to collect any sales receipts from exhibitors on behalf of our Group. In the event that there are receipts by staff from exhibitors on behalf of our Group, the relevant staff shall immediately report to the management, and at the same time, the relevant staff shall inform the relevant exhibitor that the Personal Arrangement is prohibited by our Group, and that the amount received by the relevant staff from the relevant exhibitor shall be refunded to the relevant exhibitor, and the relevant staff shall request the relevant exhibitor to make payment directly to our Group. Finally, our Group has designated our accounts department to review the monthly bank statements in order to monitor whether the payment from exhibitors are properly received and to confirm there are no payment made via the Personal Arrangement. Our accounts department will report to the management whenever there is any non-compliance with the new policy.

According to our Director and the personnel involved in the Personal Arrangement and as stated in the findings of the internal control review report, after receiving the funds in their respective personal bank account, our Director and relevant personnel will transfer the funds to our Group's bank account by way of personal cheques or bank transfer in Hong Kong Dollars via their Hong Kong bank account. In view of the above mentioned arrangement, according to our Directors, the accounts department of our Group was able to identify funds which were paid by our Director and the personnel involved in the Personal Arrangement, either by (i) noting the bank account number on the bank statement or (ii) from details on the cheques passed on to the staff of the accounts department.

The list of payment transactions involved in the Personal Arrangement as prepared by our Group, reviewed and confirmed by our Directors, was also reviewed and confirmed by all personnel involved in the Personal Arrangement and each of the personnel confirmed that the list of payment contained all the transactions they were respectively involved in relation to the Personal Arrangement.

Our Directors also considered that given payment receipt would have to be issued to the exhibitors, should the exhibitors be unable to obtain payment receipt, they will complain to our Group and the accounts department would have been notified to record the payment as Personal Arrangement. As at the Latest Practicable Date, according to the record of our Group, we did not receive any complaints from exhibitors in this regard.

In view of the above, the Sole Sponsor is not aware of any persuasive evidence to suggest that the amount of payment involved in the Personal Arrangement was understated.

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Registration of Business in Singapore

During the Track Record Period, in November 2011 and November 2012, our Group had organised the Previous Singapore Asia Expos through Mega Expo (BVI).

As advised by our Singapore Legal Advisers, pursuant to Section 5 of the Singapore BR Act, every person shall, before carrying on business in Singapore, make an application to the Registrar of Businesses in the prescribed manner for registration. As advised by our Singapore Legal Advisers, Mega Expo (BVI) may be regarded as having carried on business in contravention of the Singapore BR Act when it organised the Previous Singapore Asia Expos. The maximum penalty for non-compliance shall be a fine not exceeding S\$5,000 or imprisonment of directors and/or officers for a term not exceeding 12 months or both. However, as advised by our Singapore Legal Advisers, the Singapore courts may decide that a custodial sentence would be appropriate if the failure to register is deliberate or reckless, which our Directors confirm was not the case. Our Singapore Legal Advisers have advised that it is unlikely that the Singapore courts will impose the relevant custodial sentence on any director or other officers of Mega Expo (BVI), after they have taken into account the following: (a) our Directors confirmed that the contravention of the relevant laws was not deliberate but rather due to their misinterpretation of the relevant laws and regulations; (b) it was the first instance that our Group had breached the relevant laws and regulations; (c) our Group had immediately took steps to register a branch office in Singapore in order to ensure compliance with the Singapore BR Act upon noticing the breach of the laws and regulations after being advised by the Singapore Legal Advisers; and (d) our Group had taken steps to effect a late filing with the relevant authority to register our Group's business in Singapore to rectify the non-compliance with the Singapore BR Act and paid a composition fine in the amount of S\$300.

Also, as advised by our Tax Adviser, and as disclosed on page 34 in the section headed "Risk factors" in this prospectus, if we are considered to be carrying on business in Singapore, we may need to pay corporate tax in the amount of HK\$17,000 for the Previous Singapore Asia Expos, subject to possible late penalties not exceeding S\$1,000 for non-notification. Our Group has undertaken that any outstanding corporate tax for the Previous Singapore Asia Expos and any related fine for late notification would be paid within the stipulated due date upon request by the relevant tax authority in Singapore. According to the Tax Adviser of the Group, the Group is liable to Singapore corporate tax, and the relevant filing is in progress.

As at the Latest Practicable Date, Mega Expo (BVI) registered a branch office in Singapore, Mega Expo (SG), in order to ensure compliance with the relevant laws and regulations. As at the Latest Practicable Date and as advised by our Singapore Legal Advisers, our Group had effected a late filing to register our Group's business in Singapore to rectify the non-compliance with the relevant laws and regulations and paid a composition fine in the amount of S\$300.

Our Group has designated Mr. Khan Javed Iqbal and project managers to oversee the licence and permit matters of our Group. Mr. Khan Javed Iqbal will supervise the renewal and application of all required licences, permits and approvals by monitoring the relevant expiration dates and seek external legal and tax advice if necessary. Training had been provided by our Singapore Legal Advisers and Tax Adviser.

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Registration of Business and Qualification to do Business in Nevada, US

During the Track Record Period, our Group organised the Vegas Expo which was held in Las Vegas in 2012.

As advised by our US Legal Advisers, according to the relevant US laws and regulations, our Group may be considered as engaging in trade or business in Nevada and in the US. If our Group fails to obtain a Nevada state business license and a court finds that our Group was required to obtain such a license, our Group would be subject to a penalty in the amount of US\$100. Furthermore, if our Group fails to qualify to do business in Nevada and a court finds that our Group was indeed conducting business in Nevada, and therefore, should have qualified to do business, our Group would be subject to a fine of not less than US\$1,000 and not more than US\$10,000. As at the Latest Practicable Date, Mega Expo (USA) and its subsidiary Mega Expo (U.S.A) Inc., which was incorporated on 12 April 2013, had been registered in Nevada, US, and made necessary filings and obtained relevant qualification and licenses in order to ensure compliance with the relevant laws and regulations.

Our Group has designated Mr. Khan Javed Iqbal and project managers to oversee the licence and permit matters of our Group. Mr. Khan Javed Iqbal will supervise the renewal and application for all required licences, permits and approvals and monitor the pending expiration dates and seek external legal and tax advice, if necessary. Training had been provided by our US Legal Advisers.

According to the Tax Adviser, our Group had US tax exposure and the relevant US tax filing is in progress.

Travel arrangement services

During the Track Record Period, Mega Expo (HK) had assisted exhibitors to reserve hotel accommodation and Mega Expo (BVI) had assisted exhibitors to arrange for hotel accommodation and/or airline transport. According to section 9 of the TAO, no person shall carry on business as a travel agent without a licence issued by the Registrar of Travel Agents. By section 48 of the TAO, a person contravening this requirement is guilty of an offence and is liable on conviction to a fine and imprisonment. By section 49 of the TAO, if the requirement is being contravened by a body corporate with the consent, connivance or neglect of an individual who is a controller, director, manager, secretary or similar officer of that body corporate, the individual is also guilty of the like offence.

As advised by our Hong Kong Legal Counsel, there may be a possibility that our Group had violated the TAO with the above incidents and if any member of our Group is prosecuted for and convicted of an offence under TAO, based on existing case law and as advised by our Hong Kong Legal Counsel, the likely penalty would only be a fine of less than HK\$10,000.

Our Group has designated Mr. Khan Javed Iqbal to ensure that we will seek legal advice and apply for all required licence if necessary to assist exhibitors regarding travel and accommodation as and when appropriate.

As at the Latest Practicable Date, remedial actions have been taken and measures have been put in place by us to prevent recurrence of all such historical non-compliance incidents in the future.

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Our Directors, based on the advice of the relevant legal advisers in each jurisdiction, confirmed that, save for the updating of registered address of Ningbo Tianyi (which the PRC Legal Advisers advised that our Group shall not be liable for any administration penalty caused thereby upon completion of deregistration of Ningbo Tianyi), and the possible corporate tax to be paid for the Previous Singapore Asia Expos (for which the Tax Adviser considered our Group is liable and the relevant Singapore tax filing is in progress), all the aforesaid historical non-compliances have either been rectified and/or ceased as at the Latest Practicable Date, and that there should not be any material impact on our Group's business and operations. For such historical non-compliances for which the maximum penalty may involve criminal liability on our Directors, based on the advice of the relevant legal advisers, taking into account the relevant circumstances leading to the committing of the possible offence, it is unlikely that our Directors would incur criminal liability regarding the relevant non-compliances. Save for the court order obtained for the non-compliance regarding section 122 of the Companies Ordinance, and the written confirmations from the local authorities confirming that no administrative penalties have been imposed on Shenzhen Hengjian because of the breach of the regulations regarding labour supervision from November 2010 to March 2013, there are no other confirmations obtained regarding the historical non-compliances. As confirmed with our Singapore Legal Advisers, US Legal Advisers and Hong Kong Legal Counsel, no confirmation could be obtained for the other respective historical non-compliances in such jurisdictions.

MEASURES DESIGNED TO PREVENT FUTURE NON-COMPLIANCE AND IMPROVE CORPORATE GOVERNANCE

In order to improve our corporate governance and to prevent future non-compliance, we have adopted or intend to adopt the following measures:

1. We engaged the Internal Control Consultant to review our Group's internal control policies and procedures in November 2012 and subsequent review was performed in April and August 2013. The scope of work for our Internal Control Consultant include focusing on key internal controls relating to corporate governance practices, sales and receipts, purchases and payments, licensing management, capital expenditure management, expenses and payments, human resources and payroll, treasury management, financial reporting, connected transactions, notifiable transactions, price-sensitive information (i.e inside information) and information technology general controls.

Results of initial review included the following major findings:

- ❖ Inappropriate procedures of sales receipt were involved. According to the review of walkthrough documents for the sales and receipts cycle, the Internal Control Consultant noted that there were some lump sum sales receipts without specified customers, accounted for approximately HK\$67,000, HK\$64,000 and HK\$63,000 during the years ended 30 June 2011, 2012 and 2013 respectively; and the management informed us that some of the customers in the PRC made the payments to our Group through staff rather than to our Group directly, i.e. the Personal Arrangement;
- ❖ Our Group has organised and managed exhibitions in locations other than Hong Kong. In case for those exhibitions, our Group focused on the running of the exhibitions and, due to inadequate legal advice at the relevant time, was not aware of the laws and regulations in those jurisdictions which had led to historical non-compliance incident; and

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- ❖ Our Group has failed to comply with section 122 of the Companies Ordinance, and arranged travel arrangement services that may constitute provision of service by travel agents which shall be registered under the TAO.

Regarding the above mentioned major findings, the Internal Control Consultant has made the following recommendations to our Group subsequent to their initial review:

In respect of the Personal Arrangement:

- ❖ To cease all Personal Arrangement and request that all relevant payments to our Group must be deposited/transferred directly to our Group's designated bank account(s) or made in Hong Kong;
- ❖ To inform all staff not to collect any sales receipts from the PRC exhibitors on behalf of our Group. The accounts department will report to the management whenever there is any non-compliance with the new policy; and
- ❖ To designate the accounts department to review the monthly bank statements in order to monitor whether the relevant payments from the PRC exhibitors are properly received and to confirm that there are no payments made via the Personal Arrangement.

In respect of other historical non-compliance incident:

- ❖ To include legal advice and taxation advice in the feasibility study of each exhibition to be held overseas;
- ❖ To designate a Director and our company secretary to monitor the annual filings and accounts requirements pursuant to the Companies Ordinance of Hong Kong and seek legal advice if necessary;
- ❖ To designate project managers to study for any legal and tax compliance issues before paying the exhibition deposit;
- ❖ To designate a Director to monitor the abovementioned procedures and report to the board for any special issues on a timely basis; and
- ❖ Our Directors should be aware of any rules and regulations in Hong Kong and seek for legal advice or tax advice for any legal or taxation issues if necessary

According to the results of the follow up review performed by the Internal Control Consultant, our Group has adopted and implemented all recommendations of the Internal Control Consultant. In view of our Group's response to the recommendation and the implementation of the internal control measures in respect to our Group's non-compliance incidents, the Internal Control Consultant considered our Group's enhanced internal control measures are adequate and effective to prevent any future breaches in order to ensure that our Group's business would operate in a law abiding manner.

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2. We have taken remedial measures to address deficiencies in our internal control systems identified by our Internal Control Consultant, and will continue to monitor the ongoing compliance with the internal control measures put in place, including our project manager who will be designated to oversee local compliance issues.
3. We will request for our Group's legal advisers and tax advisers in Hong Kong and the relevant jurisdiction where our Group organises/manages exhibitions (namely, Hong Kong, Germany, Singapore, US, and the PRC) to conduct a briefing for the executive Directors and senior management and other staff who would be involved in the organisation and management of the relevant exhibition(s) on the laws and regulations applicable to our Group's organisation/management of exhibition(s) in such places. Trainings had been provided by the US Legal Advisers, the Singapore Legal Advisers, PRC Legal Advisers, Tax Adviser and German Legal Advisers to some of our Directors and certain members of our senior management in July/August 2013.
4. As part of the compliance study to be taken out by our Group before deciding whether to organise an exhibition in a new locality, our Group will engage legal counsel and tax advisers to advise on the local laws and regulations which are applicable to our Group.
5. Our Group will instruct our legal advisers and tax advisers in the jurisdictions where our Group is organising/managing exhibition(s) to update our Group if there are any changes in the laws and/or regulations applicable to our Group. Apart from that, whenever there is intended to be any change to our Group's mode of business operation in the relevant jurisdiction, our Group will consult our legal counsel in such jurisdiction to advise on our Group's compliance before implementing such change(s).
6. Our Group will set up a task force team to monitor and oversee our Group's compliance matters. It is intended that the team will comprise three members, namely Mr. Khan Javed Iqbal who is our Group's general manager, Mr. Leong Weng Kin who is our Group's chief financial officer and the remaining member will be one of our Group's independent non-executive directors. Mr. Khan Javed Iqbal had over 21 years of experience in the trade exhibition industry and was involved in the management and organisation of various trade exhibitions in different parts of the world. He had also obtained an exhibition management degree which involved, among others, risk management involved in exhibition organisation. He had also participated in the trainings provided by the various legal advisers in July and August 2013 respectively regarding the laws and regulations of the various places of which our Group organise or manage exhibitions. As such, Mr. Khan was specifically designated to oversee the licence and permit matters of our Group. In the future, our Group shall also engage other external professionals to assist in overseeing our internal control measures, if and when our Directors consider appropriate. The team will oversee the implementation of our Group's internal control measures to prevent future breaches and ensure on-going compliance; and the team reports directly to our Board.
7. We have engaged and will continue appointing external professional advisers, including auditors, legal advisers, internal control consultant or other advisers to render professional advice as to compliance with the statutory requirements as applicable to our Group from time to time.

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8. We will also appoint a compliance adviser to provide advice to our Directors and management team on matters relating to the Listing Rules.
9. Regular trainings will be provided to all Directors and senior management by our external professional advisers on compliance with the Listing Rules and all relevant laws and regulations, including timely preparation and laying of accounts.
 - (i) Our Directors attended a seminar organised by our Company's Hong Kong legal advisers, Chiu & Partners, in December 2012 regarding the duties of directors of companies listed in Hong Kong.
 - (ii) Our Directors received training updates and attended a seminar organised by Chiu & Partners, in April 2013 regarding corporate governance and relevant amendments to the Listing Rules and SFO.
10. The audit committee of our Company is responsible for overseeing the financial reporting and internal control procedures of our Company. It will also periodically review our compliance status with the laws of the relevant jurisdictions after the Listing. Our audit committee will exercise its oversight by:
 - (i) reviewing our Company's internal control and legal compliance;
 - (ii) discussing the internal control systems with management to ensure that management has performed its duty to have an effective internal control system; and
 - (iii) considering major investigation findings on internal control matters as delegated by our Board or on its own initiative and management's response to these findings.
11. Our Board (which shall be responsible for monitoring the corporate governance of our Group) will also periodically review our compliance status with all relevant laws and regulations after the Listing.

Our Directors confirm that the internal control measures and recommendations from the Internal Control Consultant have been fully implemented and in view of the enhanced internal control measures implemented, our Directors, the Internal Control Consultant and the Sole Sponsor are of the view that our Group's internal control measures are adequate and effective under Rule 3A.15(5) of the Listing Rules. The Internal Control Consultant, based on their review, was not aware of any reoccurrence of similar non-compliances after the enhancement of our Group's internal control measures up to 31 August 2013.

Having considered the above non-compliance incidents of our Group and the above internal control measures and remedial actions taken by us, the Sole Sponsor is of the view that with regard to the above non-compliance incidents, there is no further matter that the Sole Sponsor would consider affecting the suitability of our Directors to become directors of an issuer under Rules 3.08 and 3.09 of the Listing Rules and the suitability of our Company as a listing applicant under Rule 8.04 of the Listing Rules.