MEGA EXPO HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability (Stock Code: 1360)
於開曼群島註冊成立之有限公司（股份代號：1360）

2013 / 14
ANNUAL REPORT 年報

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Chi Sang *(Chairman)*
Mr. Si Tze Fung

Independent Non-executive Directors

Mr. Chu Kwok Man
Mr. Leung Hung Kee
Mr. Law Sung Ching, Gavin
(appointed on 12 September 2014)
Mr. Yeung Wai Keung (resigned on 4 July 2014)

AUDIT COMMITTEE

Mr. Leung Hung Kee *(Chairman)*
Mr. Chu Kwok Man
Mr. Law Sung Ching, Gavin
(appointed on 12 September 2014)
Mr. Yeung Wai Keung (resigned on 4 July 2014)

REMUNERATION COMMITTEE

Mr. Chu Kwok Man *(Chairman)*
Mr. Leung Hung Kee
Mr. Lee Chi Sang

NOMINATION COMMITTEE

Mr. Lee Chi Sang *(Chairman)*
Mr. Chu Kwok Man
Mr. Law Sung Ching, Gavin
(appointed on 12 September 2014)
Mr. Yeung Wai Keung (resigned on 4 July 2014)

COMPANY SECRETARY

Ms. Li Ka Yi
Certified Public Accountants
(appointed on 8 April 2014)
Mr. Lui Chi Ho
Practising Solicitor in Hong Kong
(resigned on 8 April 2014)

AUTHORISED REPRESENTATIVES

Mr. Lee Chi Sang
Mr. Si Tze Fung
Mr. Khan Javed Iqbal
(alternate to Mr. Lee Chi Sang)

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

COMPLIANCE ADVISER

Halcyon Capital Limited

LEGAL ADVISERS

As to Hong Kong law
Chiu & Partners

REGISTERED OFFICE

Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

38/F, Enterprise Square Three
No. 39 Wang Chiu Road
Kowloon Bay
Kowloon, Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4/F, Royal Bank House
24 Shedden Road
PO Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
22/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

1360

CORPORATE WEBSITE

http://www.mega-expo.com

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2014 HK$'000	Year ended 30 June 2013 HK$'000	Year ended 30 June 2012 HK$'000
Results			
Revenue			
Organisation of exhibitions	**195,679**	209,753	140,518
Exhibition-related services	**10,022**	10,775	26,056
Ancillary services	**80**	105	221
	205,781	220,633	166,795
Profit for the year	**14,091**	25,902	24,888
Profit attributable to owners of the Company	**14,120**	26,170	25,056

	At 30 June 2014 HK$'000	At 30 June 2013 HK$'000	At 30 June 2012 HK$'000
Consolidated statement of financial position			
Total assets	**180,279**	131,856	148,560
Total liabilities	**(119,971)**	(135,945)	(146,499)
Net assets/(liabilities)	**60,308**	(4,089)	2,061

CHAIRMAN'S STATEMENT

Dear Shareholders,

The FY13/14 has been an exciting and eventful year for Mega Expo Holdings Limited (together with its subsidiaries, collectively the "**Group**").

With detailed planning and implementation by the Group's experienced management staff, the following five trade shows were both successfully and smoothly staged.

Name of exhibition	Place held	Dates
Mega Show Part I (2013)	Hong Kong	20 – 23 October 2013
Mega Show Part II (2013)	Hong Kong	27 – 29 October 2013
Asia Expo-Singapore and Fujian Commodities Expo-Singapore 2013	Singapore	21 – 23 November 2013
Asia Apparel Expo-Berlin 2014	Berlin, Germany	18 – 20 February 2014
Asian Lighting & Consumer Electronics Exhibition	Guangzhou, the People's Republic of China	14 – 17 April 2014

These trade shows were planned and held in the midst of the uncertain international economic climate during the period under review. However, there are positive signs of improvement in the markets of the United States, Germany, and the United Kingdom. Governments in other economies in the European Union, mainland China, and Japan are adopting consumer spending stimulation economic policies which should translate into greater demand for consumer goods such as gifts, house ware, promotional premiums, electrical home appliances, home decorative lighting and apparel.

Another significant milestone in the development of the Group was the successful listing on the Main Board of the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") (stock code:1360) in November 2013. This was a direct market recognition of the Group's achievements by the investment trade and the public.

The international exhibition industry is a highly competitive one. All industry players are facing challenges with costs inflation, price competition among different shows, emergence of new exhibition centers in Asia and the increasing application of the internet for suppliers/buyers matching. The Group will monitor closely the market developments and adopt appropriate business strategies in order to maintain our corporate growth and market positions of the respective shows.

Finally, on behalf of the Board of Directors, I would like to thank our customers, sales agents and suppliers for their support, our shareholders for their trust, and all the staff of our Group for their hard work and contribution.

Lee Chi Sang
Chairman
Hong Kong

26 September 2014

BUSINESS REVIEW

General Overview

For the year ended 30 June 2014, the Group recorded a total revenue of approximately HK$205.8 million (2013: approximately HK$220.6 million), representing a decline of 6.7% for the corresponding period of last year. The lower turnover was due to the postponement of Las Vegas Asia Expo ("**Vegas Expo**") 2013 originally to be held in August 2013 and keen competition from other exhibition organisers. For the year ended 30 June 2014, revenue from organisation of exhibitions accounted for 95.1% (2013: 95.1%) of the total revenue, while revenue from provision of exhibition related services accounted for 4.9% (2013: 4.9%).

During the year under review, profit before taxation was approximately HK$21.0 million (2013: approximately HK$34.2 million), representing a decrease of 38.7% than the same period of last year which was driven by (i) the staging of the Group's first Asian Lighting & Consumer Electronics Exhibition ("**ALEEX**") in Guangzhou, the People's Republic of China ("**PRC**"), in 2014, which required additional manpower and a higher promotional budget in order to launch effectively a brand new exhibition. It incurred a deficit of approximately HK$5 million; (ii) enhanced promotion for existing 4 exhibitions which resulted in an increased promotion cost of approximately HK$4 million; and (iii) increase in listing expenses of approximately HK$5 million as compared to the corresponding period of last year, representing the remaining portion of the listing expenses to be recognised in the current year.

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.

During the year ended 30 June 2014, revenue generated from the organisation of exhibitions accounted for approximately HK$195.7 million (2013: approximately HK$209.8 million), representing a decrease of 6.7%. Due to the Boston Marathon explosion which occurred in April 2013, our Vegas Expo originally scheduled in August 2013 was postponed to 2014. However, the Group was unable to secure a suitable timing for the organisation of the event in 2014 and the Group is in the course of discussion with the venue operator in finding suitable dates for organising the event in 2015. Revenue generated from Vegas Expo in 2012 amounted to approximately HK$7.7 million. In addition, the keen competition from other organisers also led to a decrease in our revenue during the same period as compared to the corresponding period of last year.

In 2012, the Group has entered into project management agreement with the organiser of the Mega Shows 2012 and other trade fairs, of which the Group provided exhibition management services during the exhibitions. It was agreed that the Group should share the revenue generated from the exhibitions to the organiser. During the period, the Group acted as the organiser of Mega Shows 2013, which resulted in an increase in the direct exhibition cost.

In April 2014, the Group's first ALEEX was held in Guangzhou, the PRC. As a first launched exhibition, the Group have input more human and financial resources in promotion and organisation aspect in order to attract more exhibitors and build up the reputation of a brand new exhibition.

Due to the change in organisation practice of Mega Shows, the exhibition rental increased from approximately HK$3.0 million for the year ended 30 June 2013 to approximately HK$32.2 million for the year ended 30 June 2014 and the exhibition co-operation expenses decreased from approximately HK$58.4 million for the year ended 30 June 2013 to approximately HK$5.2 million for the year ended 30 June 2014. In order to enhance the promotion for the existing exhibition and the organisation of the brand new exhibition, the advertising and promotion expenses increased from approximately HK$10.2 million for the year ended 30 June 2013 to approximately HK$18.8 million for the year ended 30 June 2014 and the staff cost increased from approximately HK$34.8 million for the year ended 30 June 2013 to approximately HK$45.5 million for the year ended 30 June 2014.

Exhibition related services

We have provided various exhibition related services to assist other exhibition organisers or project managers and to coordinate and manage exhibitions.

For the year ended 30 June 2014, revenue generated from exhibition related service was approximately HK$10.0 million (2013: approximately HK$10.8 million), representing a decrease of 7.0%. Since the revenue mainly represents the income from additional facilities provided to the exhibitors, it was affected by the postponement of Vegas Expo 2013 and the decrease in number of exhibition booths sold.

Ancillary services

We have also provided ancillary services for trade shows and exhibitions. Our Group recorded a revenue from provision of ancillary service for year ended 30 June 2014 of approximately HK$80,000 (2013: approximately HK$105,000). The decrease represented a drop in advertising income generated from the advertisement of the exhibitors to be published in the show magazine.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing

As at 30 June 2014, the Group has a total assets of approximately HK$180.3 million (2013: approximately HK$131.9 million) which was financed by current liabilities of approximately HK$120.0 million (2013: approximately HK$135.9 million), non-controlling interest of HK$ Nil (2013: approximately HK$45,000) and shareholders' equity of approximately HK$60.3 million (2013: approximately negative HK$4.1 million). The receipt of proceeds from the initial public offering led to the increase in cash and cash equivalent and the shareholders' equity. The decrease in current liabilities was due to the decrease in receipt in advance from exhibition booth sold.

The cash and cash equivalent of the Group as at 30 June 2014 was mainly denominated in Hong Kong dollars, United States dollars ("**USD**") and Renminbi ("**RMB**") respectively.

As at 30 June 2014, the Group's current ratio was 1.42 (2013: 0.96); and since the Group did not have any debts, no gearing ratio was presented.

As at 30 June 2014, the Group did not pledge any of its assets and had no material capital commitment and contingent liabilities. The Group did not have any charges on assets as at 30 June 2014.

Capital Structure

Shareholders' equity increased to approximately HK$60.3 million as at 30 June 2014 from approximately negative HK$4.1 million as at 30 June 2013. The main reason for the change is the group reorganisation upon the initial listing of the Company's shares on the Main Board of the Stock Exchange. As at 30 June 2014, the Group did not have any long term debts (2013: Nil).

Material Acquisition and Disposal

Save as disclosed in the prospectus of the Company dated 25 October 2013 ("**Prospectus**"), during the year under review, there was no material acquisition or disposals of subsidiaries or associates of the Company.

Exposure to Fluctuation in Exchange Rates

The Group manages or organises exhibitions held in Hong Kong, the PRC, Germany, Singapore and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and RMB. The Group has no significant direct exposure to foreign currencies as most of the commercial transactions, assets and liabilities are denominated in a currency same as the functional currency of each entity of the Group and had not employed any financial instruments for hedging purpose.

Employee and Remuneration Policy

As at 30 June 2014, the Group has a total of 133 full-time employees in Hong Kong and the PRC. The remuneration payable to our employees includes salaries, discretionary bonus and commission. Remuneration package are generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits.

Furthermore, the remuneration committee of the Board ("**Remuneration Committee**") will review and give recommendations to the Board as to the compensation package of the Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management.

Prospect

It is our business goal to promote and facilitate trade between international buyers and manufacturers, particularly those from Asia, through the trade exhibitions organised or managed by the Group. We plan to build on our competitive strengths to expand and improve our existing trade exhibitions, launch new exhibitions and broaden our exhibition management expertise and exposure.

For the existing trade exhibitions, the Group intends to further improve the overall management and to improve their attractiveness to existing and potential visitors. We also plan to introduce new themes to these existing exhibitions.

We also plan to utilise our experience and expertise, both from the 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. Apart from developing new exhibitions, the Group may from time to time explore opportunities to invest in, to acquire or to co-organise new exhibitions with growth potential. Feasibility studies will be carried out from time to time if the Group comes across any potential opportunities.

In 2014, the Group coordinated with an exhibition organiser in the PRC to organise ALEEX in Guangzhou, the PRC and the first edition was launched in April 2014.

We will continue to explore opportunities to cooperate with other organisers, industry associations or governmental organisations to participate in new exhibitions.

To broaden our future income stream and to capitalise on our vast database of international manufacturers, the Group will seek to identify new opportunities to become sales agents of overseas exhibitions.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2014.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the Listing were approximately HK$29.2 million, which was based on the final share offer price of HK$1.33 per share and the actual expenses related to the Listing. Accordingly, the Group adjusted the use of proceeds in the same manner and proportion as shown in the Prospectus.

During the period from the date of Listing (i.e. 6 November 2013) (the "**Listing Date**"), to 30 June 2014, the net proceeds from the Listing had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as show in the Prospectus from the Listing Date to 30 June 2014	**Actual use of proceeds from the Listing Date to 30 June 2014**
	HK$ million	HK$ million
To organise or develop new exhibitions or for consideration of potential acquisition opportunities or for cooperation with other players in the exhibition industry in Hong Kong and overseas	17.5	10.0
To expand existing exhibitions organised by the Group, by increasing our marketing	8.8	4.8
General working capital and other corporate purpose of the Group	2.9	2.9
	29.2	17.7

The Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group. Announcement will be made regarding any adjustment of the use of the proceeds if and when appropriate.

All the unutilised balance of the net proceeds from the Listing have been placed in licensed banks in Hong Kong.

EVENT AFTER REPORTING PERIOD

The Group do not have any material subsequent event after the reporting period.

CORPORATE GOVERNANCE REPORT

The Board of the Company is pleased to present the corporate governance report for the year ended 30 June 2014 (the "**Period**"). This report describes how the Group has applied its corporate governance practices to its daily activities.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance framework bases on two main beliefs:

- We are well-committed to maintaining good corporate governance practices and procedures; and
- We recognise the need to adopt practices that improve ourselves continuously for a quality management.

As the Company was listed on the Main Board of the Stock Exchange on 6 November 2013, the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") was not applicable to the Company for the period from 1 July 2013 to 5 November 2013, being the date immediately before the Listing Date. Save as disclosed below, the Company applied the principles and complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date to 30 June 2014 ("**Relevant Period**").

The Group has applied these principles and adopted all code provisions, where applicable, of the CG Code as our own code of corporate governance. The Directors consider that the Company has complied with the applicable code provisions under the code on Corporate Governance Practices as set out in the CG Code, save as the following:

- Under code provision C.1.2 of the CG Code, the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

  During the Relevant Period, Mr. Lee and Mr. Si Tze Fung ("**Mr. Si**"), the executive Directors, have not provided all members of the Board with monthly updates due to the exhibitions which the Group organised were not held every calendar month. The executive Directors have updated the independent non-executive Directors ("**INEDs**") at the relevant time (Mr. Leung Hung Kee, Mr. Chu Kwok Man and Mr. Yeung Wai Keung ("**Mr. Yeung**") (the then INED who resigned on 4 July 2014) of the business developments of the Group during the Board meeting to approve the interim results of the Group on 28 February 2014. As a good corporate governance practice, the management will provide all Directors with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail in the coming future in order to comply with the CG Code.

- Each newly appointed Director will receive induction on the first occasion of his/her appointment, so as to ensure that he/she has proper understanding of the business and operations of the Group and that he/she is aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are committed to comply with code provision A.6.5 of CG Code on directors' training to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board will be informed and relevant. Prior to the listing of the Company, in April 2013, all Directors (except for Mr. Law Sung Ching, Gavin, who was appointed in September 2014 as an INED) received training on, among others, disclosure of inside information according to the Listing Rules. During the year ended 30 June 2014, all Directors complied with the code provision A.6.5 of the CG Code on participation in continuous professional training at the relevant time, except for Mr. Yeung (the then INED who resigned on 4 July 2014) who was yet to have the opportunity to participate in professional training courses prior to his departure during the Relevant Period, and Mr. Lee and Mr. Si who had both participated in a professional training course in September 2014 after the Relevant Period due to other commitments during the Relevant

Period. Furthermore, the other Directors plan to participate in similar training course(s) or seminar(s) as and when appropriate specifically on corporate governance and disclosure of inside information under the requirements of the Listing Rules. In the future, the Directors will ensure that each of them will participate in the professional training courses to ensure that their contribution to the Board remains informed and relevant.

- Under code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the INEDs without the executive Directors present. In order to allow the Directors to have full consideration of the affairs of the Company during the past calendar year after Listing, such meeting is scheduled to be held in October 2014.

- Under Code Provision A.1.1, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. Under code provision A.5.2 of the CG Code, the nomination committee of the Board ("**Nomination Committee**") should review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the issuer's corporate strategy. Under Code Provision C.3.3, members of the audit committee of the Board ("**Audit Committee**") should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the issuer's auditors. Furthermore, under code provision C.2, the Directors should annually conduct review of the issuer's internal control systems and consider the adequacy of resources, staff experience, and training and budget of the issuer's accounting and financial reporting system. Since the Relevant Period was less than one full calendar year and in order to allow the Directors to have full consideration of the affairs of the Company, such Board meeting held to, among others, review the issuer's internal control system was only held in September 2014 to satisfy the relevant code provisions as mentioned above. Furthermore, as the Relevant Period was less than one full calendar year, the Board had only held regular Board meetings twice during the Relevant Period and three other Board meetings after the Relevant Period. In order to allow the Directors to have full consideration of the affairs of the Company during the past calendar year after Listing, the Board will arrange the relevant meetings of the Board, Nomination Committee, Audit Committee and Remuneration Committee to be held in October 2014 and in the future to satisfy the requirements of the code provisions stated in the above paragraph. The Board shall ensure that relevant meetings of the Board and Board committees will be held regularly to satisfy the code provisions of the CG Code during the relevant financial year in the future.

- Following the resignation of Mr. Yeung (a then INED) on 4 July 2014, the Company has only two INEDs and two members for each of the Audit Committee and the Nomination Committee, and does not meet the requirement under Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules and the requirement under code provision A.5.1 of the CG Code respectively (collectively, the "**Relevant Provisions**").

  The Company has taken remedial steps by actively identifying an appropriate candidate to fill such vacancy following Mr. Yeung's resignation. Subsequently, Mr. Law Sung Ching, Gavin was appointed as an INED, member of the Nomination Committee and the Audit Committee on 12 September 2014, and the Company has fulfilled the Relevant Provisions.

- Under the code provision A.2.1, the roles of chairman and chief executive officer ("**CEO**") of the Group should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Group should be clearly established and set out in writing. The roles of the chairman and the CEO of the Group was not separated and was performed by the same individual, Mr. Lee who acted as both the chairman and CEO throughout the period under review. The Directors will meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. In response to specific enquiry made by the Company, each of the Directors confirmed that he/she had complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the Relevant Period.

CONSTITUTIONAL DOCUMENTS

Subsequent to the adoption of the Company's articles of association upon Listing pursuant to the Shareholders resolution of the Company passed on 18 October 2013, no further amendment to the Memorandum and Articles of Association of the Company was made during the Period.

BOARD OF DIRECTORS

Board Composition

As at 30 June 2014, the Board comprises two executive Directors, and three INEDs. Mr. Yeung Wai Keung resigned from his position as an INED with effect from 4 July 2014. Subsequently, on 12 September 2014, Mr. Law Sung Ching, Gavin was appointed as an INED to fill such vacancy. The composition of the Board and its changes during the year ended 30 June 2014 and up to date of this annual report are as follows:

Executive Directors:

Mr. Lee Chi Sang
Mr. Si Tze Fung

Independent Non-executive Directors:

Mr. Chu Kwok Man
Mr. Leung Hung Kee
Mr. Yeung Wai Keung (resigned on 4 July 2014)
Mr. Law Sung Ching, Gavin (appointed on 12 September 2014)

The biographical details, relationships among them and the terms of appointment of the Directors (including the INEDs) as at 30 June 2014 are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

The Board believes that it has a balanced composition of executive Directors and INEDs and there is a strong independent element on the Board, which can effectively exercise independent judgment. As at 30 June 2014, the Company has three INEDs who provide the Group with adequate check and balance. Each of them is considered to be independent and has complied with the provisions set out in Rule 3.13 of the Listing Rules. All of them are identified as such in all communications that disclose the names of the Directors. Their functions are not only limited to a restricted scope and they have contributed to the Group with diversified industry expertise, and advised on the Group's management and proceedings.

One of the three INEDs, namely Mr. Leung Hung Kee, has professional qualifications in accounting or related financial management expertise.

Responsibilities of the Board and Delegation

The Board is responsible for the approval and monitoring of the Group's overall strategies and policies, approval of business plans, evaluation of its performance, overseeing the management and in charge of corporate governance function. It is also responsible for promoting the success of the Group and its businesses by directing and supervising the Group's affairs. The Board delegates day-to-day operations of the Group to executive Directors and senior management while reserving certain key matters for its approval. Board committees for specific functions are also set up to ensure efficient Board operations. The respective functions and responsibilities reserved to the Board and those delegated to Board committees have been clearly set out in their respective terms of reference. Decisions of the Board are communicated to the management through executive Directors who have attended the Board meetings.

Chairman and Chief Executive Officer

Mr. Lee Chi Sang, chairman and the chief executive officer of the Company, is responsible for the overall strategic planning and management of the Group. His role was clearly defined and segregated to ensure balanced power and responsibilities.

Appointments, Re-election and Removal of Directors

Each of the executive Directors is engaged on a Director's service contract with the Company. The letters of appointment of the INEDs also set out the specific terms and conditions relative to their respective appointment. All remuneration paid to executive Directors are covered by respective service contracts and all remuneration paid to non-executive Directors are covered by respective letters of appointment. Details of the terms of appointment of the Directors are disclosed in the section "Directors' Service Contracts" of the Report of Directors in this annual report.

Pursuant to the Articles, any Director appointed by the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election. Also, pursuant to the Articles, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including the non-executive Director and independent non-executive Directors) shall be subject to retirement by rotation at least once every three years.

Every newly appointed Director will be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

Board Meetings

The Board intends to hold four regular meetings annually, usually quarterly, and also meets at such other times as are necessary. Agenda of Board meetings are presented to the Directors for comments and approval. The Board is provided with adequate, timely and reliable information about the Group's business and developments before each Board meeting at which the Directors actively participate and hold informed discussions.

Generally, at least 14-days' notice for the Company's regular Board meeting, and reasonable time for all other meetings, would be given prior to such meetings. Agenda for a meeting are sent to all Directors prior to the meeting. The Directors will receive details of agenda items for decision at least three days before regular Board meetings.

In order to ensure that Board procedures, and all applicable rules and regulations are followed, all Directors are able to access the Company's company secretary for advice from time to time. Moreover, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances at the Company's expense. All Directors were given an opportunity to include matters in the agenda of meetings for discussion.

To ensure a competent Board operation, all Directors gave sufficient time and attention to the affairs of the Group during the Period. Since the Relevant Period was less than one full calendar year, during the Relevant Period, two Board meetings (excluding delegated committees' meetings) were held and attendance of each Director is set out as follows:

Name of Director	**Number of attendance**	**Number of meetings held during term of office**
Executive Directors		
Mr. Lee Chi Sang	2	2
Mr. Si Tze Fung	2	2
Independent Non-executive Directors		
Mr. Chu Kwok Man	2	2
Mr. Leung Hung Kee	2	2
Mr. Yeung Wai Keung (resigned on 4 July 2014)	2	2
Mr. Law Sung Ching, Gavin (appointed on 12 September 2014)	–	–

Minutes of Board meetings and meetings of Board committees are kept by the company secretary or other duly authorised person. All minutes are open for inspection by any Director on reasonable notice. Such minutes are recorded in sufficient detail of the matters considered and decisions reached. Draft and final versions of minutes of Board meetings are sent to all Directors for their comments and records.

Directors' Induction and Continuing Professional Development

Each newly appointed Director will receive induction on the first occasion of his/her appointment to ensure a proper understanding of the Company's operations and business and awareness of the Director's responsibilities.

Prior to the listing of the Company, in December 2012, all Directors (except for Mr. Law Sung Ching, Gavin, who was appointed in September 2014 as an INED) attended a seminar on directors' duties and responsibilities of listed companies in Hong Kong, and furthermore, as disclosed in the paragraph headed "Corporate Governance Practices" in this Corporate Governance Report, in April 2013, they received training on, among others, disclosure of inside information according to the Listing Rules.

Particulars of Directors' participation in continuous professional development activities during the Relevant Period are summarised as follows:

Name of Director	**Reading materials relevant to the Company's business or to their duties and responsibilities**	**Attending training courses on the topics related to corporate governance or regulations**
Executive Directors:		
Mr. Lee Chi Sang	√	*(Note 1)*
Mr. Si Tze Fung	√	*(Note 1)*
Independent Non-executive Directors:		
Mr. Chu Kwok Man	√	√
Mr. Leung Hung Kee	√	√
Mr. Yeung Wai Keung (resigned on 4 July 2014)	√	*(Note 2)*
Mr. Law Sung Ching, Gavin (appointed on 12 September 2014)	N/A	N/A

Notes:

1. As disclosed on page 9 of this corporate governance report, Mr. Lee and Mr. Si both participated in a professional training course in September 2014 after the Relevant Period due to other commitments during the Relevant Period.

2. As disclosed on page 9 of this corporate governance report, Mr. Yeung was yet to have the opportunity to participate in professional training courses prior to his resignation during the Relevant Period.

The Company will from time to time provide briefings to all Directors to develop and refresh the Directors' duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense. Effective from the Listing Date, all Directors have been required to provide the Company with their training records.

Board Diversity Policy

The Board has adopted a board diversity policy on 18 October 2013 and discussed all measurable objectives set for implementing the policy.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

BOARD COMMITTEES

Remuneration Committee

The Company has set up a Remuneration Committee with specific terms of reference with appropriate modification when necessary, which state clearly its authority and duties.

The primary functions of our Remuneration Committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group and ensure none of our Directors determine their own remuneration.

During the Relevant Period, no Remuneration Committee meeting was held. The first Remuneration Committee meeting after Listing was held in September, 2014 to review the remuneration package of our INED, Mr. Law Sung Ching, Gavin, who was appointed on 12 September 2014. The Remuneration Committee will conduct review of the remuneration policy and structure of the Directors and senior management which will take into account the prevailing market condition and the responsibility of individual members on a yearly basis. As disclosed on page 10 of this corporate governance report, the next Remuneration Committee meeting is scheduled to be held in October 2014.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 30 June 2014 is set out below:

In the band of	**Number of individuals**
Nil to HK$1,000,000	2
HK$1,000,000 to HK$2,000,000	1

As at 30 June 2014, a majority of the Remuneration Committee's members are INEDs. During the Period, no committee meeting was held and the attendance of each member as to such meeting is set out as follows:

Name of Director	**Number of attendance**	**Number of meetings held during term of office**
Executive Directors		
Mr. Lee Chi Sang	–	–
Independent Non-executive Directors		
Mr. Chu Kwok Man *(Chairman)*	–	–
Mr. Leung Hung Kee	–	–

Nomination Committee

The Company has set up the Nomination Committee with specific terms of reference with appropriate modification when necessary, which state clearly its authority and duties.

The primary functions of our Nomination Committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board.

During the Relevant Period, no Nomination Committee meeting was held. The first Nomination Committee meeting after Listing was held in September 2014 to review the appointment of our INED, Mr. Law Sung Ching, Gavin, with effect from 12 September 2014. The Nomination Committee will review the size and composition of the Board on an annual basis. As disclosed on page 10 of this corporate governance report, the next Nomination Committee meeting is scheduled to be held in October 2014.

During the Relevant Period, no committee meeting was held and the attendance of each member as to such meeting is set out as follows:

Name of Director	**Number of attendance**	**Number of meetings held during term of office**
Executive Directors		
Mr. Lee Chi Sang *(Chairman)*	–	–
Independent Non-executive Directors		
Mr. Chu Kwok Man	–	–
Mr. Yeung Wai Keung (resigned on 4 July 2014)	–	–
Mr. Law Sung Ching, Gavin (appointed on 12 September 2014)	–	–

Audit Committee

The Company has established an Audit Committee with specific written terms of reference that have included the duties which are set out in CG Code provision C.3.3 with appropriate modification when necessary.

The primary duties of our Audit Committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of our Company.

The Audit Committee reviewed the consolidated financial statements for the six months ended 31 December 2013 and consolidated financial statements for the year ended 30 June 2014, including the Group's adopted accounting principles and practices, internal control systems and financial reporting matters (in conjunction with the external auditor for the annual results). As disclosed on page 10 of this corporate governance report, the next Audit Committee meeting is scheduled to be held in October 2014. The Audit Committee also monitors the effectiveness of the external audit and oversees the appointment, remuneration and terms of engagement of the Company's external auditor, as well as its independence. The Audit Committee endorsed the accounting treatments adopted by the Company and, to the best of its ability assured itself that the disclosures of the financial information in this annual report comply with the applicable accounting standards and Appendix 16 to the Listing Rules.

As at 30 June 2014, the Audit Committee comprised three INEDs and an Audit Committee meeting was held pursuant to its terms of reference. During the Relevant Period, one committee meeting was held and the attendance of each member as to such meeting is set out as follows:

Name of Director	Number of attendance	Number of meetings held during term of office
Independent Non-executive Directors		
Mr. Chu Kwok Man	1	1
Mr. Leung Hung Kee *(Chairman)*	1	1
Mr. Yeung Wai Keung (resigned on 4 July 2014)	1	1
Mr. Law Sung Ching, Gavin (appointed on 12 September 2014)	–	–

COMPANY SECRETARY

Ms. Li Ka Yi was appointed as the company secretary on 8 April 2014 following the resignation of Mr. Lui Chi Ho on the same date. Ms. Li is responsible for supporting the Board, ensuring good information flow within the Board and Board policy and procedures are followed, advising the Board on governance matters, facilitating induction and, monitoring the training and continuous professional development of Directors. She has attained no less than 15 hours of relevant professional training during the year. Her biography is set out in page 28 of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or the management of the Company or their respective associates (as defined under the Listing Rules) have any interests in a business which competes or may compete with the business of the Group, or has any other conflict of interest with the Group during the year.

The Company has received from each of the Directors for the Relevant Period an annual confirmation of his/her undertaking as to non-competition.

FINANCIAL REPORTING AND AUDIT

The Directors acknowledged their responsibility for preparing the financial statements that give a true and fair view in accordance with applicable statutory requirements and accounting standards and the requirements of the Listing Rules. The Group adopted the going concern basis in preparing its financial statements.

A statement by the external auditor of the Company about its reporting responsibilities is set out in the section headed "Independent Auditors' Report" in this annual report.

For the year ended 30 June 2014, apart from the provision of annual audit services, HLB Hodgson Impey Cheng Limited, the Group's independent auditor was also the reporting accountant of the Company in relation to the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Listing**").

For the year ended 30 June 2014, the Group's external auditor provided the following services to the Group:

	HK$'000
Audit services	1,563
Other advisory services *(Note)*	3,974
Total	5,537

Note: Other advisory services mainly comprised reporting accountant services and other reporting services.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the Relevant Period, the Board has reviewed this corporate governance report in discharge of its corporate governance functions. As disclosed on page 10 of this corporate governance report, in order to allow the Directors to have full consideration of the affairs of the Company during the Relevant Period, the Board will also arrange a Board meeting to be held in October 2014 and in the future to ensure compliance with the CG Code.

INTERNAL CONTROL

The Board is responsible for internal control which, as the Directors determine, is necessary to enable the preparation of the financial statements that are free from material misstatement. It has overseen the Group's internal control systems and ensure that sound and effective control systems are maintained. The Board approves and reviews internal control policies while day-to-day management of operational risks and implementation of mitigation measures lie with the management.

A review of the effectiveness of the Group's internal control systems has been conducted by the Board in September 2014 and an updated internal control policy was adopted by the Group in August 2014. The Audit Committee and the Board will review the adequacy of the key areas of the Group's internal control systems. As disclosed on page 10 of this corporate governance report, the next Audit Committee meeting is scheduled to be held in October 2014.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

General Meetings with Shareholders

The Company communicates with its Shareholders through its annual report, interim report and statutory and voluntary announcements. The Directors, company secretary or appropriate members of senior management, where appropriate, also respond to inquiries from Shareholders and investors on a timely basis. The Company's annual general meeting provides a useful platform for direct communication between the Board and Shareholders.

Resolutions put to vote at the general meetings of the Company are taken by poll. Procedures regarding the conduct of the poll are explained to the Shareholders at the commencement of each general meeting. The poll results are posted on the websites of the Stock Exchange and the Company respectively on the same day as the poll.

Shareholders' Rights to Convene Extraordinary General Meeting and Put Forward Proposals at General Meetings

In accordance with the Articles, extraordinary general meetings shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Company's company secretary for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

There is no provision in the Articles setting out procedures for Shareholders to put forward a resolution at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

As regards proposing a person for election as a Director by Shareholders, please refer to the procedures available on the website of the Company.

Investor Relations

The Company endeavours to disclose all material information about the Group to all interested parties as widely and timely as possible. It has disclosed all necessary information to the Shareholders in compliance with the Listing Rules. When announcements are made through the Stock Exchange, the same information will be made available on the Company's website. During the year ended 30 June 2014, the Company has issued announcements which can be viewed on the Company's website.

Shareholders and investors may at any time send their enquiries and concerns to the Board in writing to the company secretary at the Company's office in Hong Kong. Shareholders may also raise their enquiries in general meetings.

REPORT OF DIRECTORS

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its principal subsidiaries are set out in Note 17 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 30 June 2014 and the state of affairs of the Company and of the Group at that date are set out in the accompanying financial statements.

An interim dividend of 2.5 HK cents per share was paid during the year ended 30 June 2014 (2013: aggregate of HK$32,000,000). The Directors do not recommend the payment of a final dividend for the year ended 30 June 2014 (2013: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 84 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 26 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Since the listing of the shares of the Company on the Main Board of the Stock Exchange on the Listing Date, neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 27 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

CHARITABLE CONTRIBUTIONS

No charitable and other donations were made by the Group during the year ended 30 June 2014 (2013:Nil).

DISTRIBUTABLE RESERVES

Details of the Company's distributable reserves as at 30 June 2014 are set out in Note 27 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In the period under review, revenue generated from the Group's five largest customers accounted for about 24.0% (2013: 23.8%) of the Group's total revenue for the year and the revenue from the largest customer included therein accounted for about 11.0% (2013: 12.4%) of the Group's total revenue.

In the period under review, the fees paid to the Group's five largest suppliers accounted for about 28.2% (2013: 43.4%) of the Group's total operating cost for the year and supplies from the largest supplier included therein accounted for about 16.7% (2013: 29.5%) of the Group's total operating cost.

None of the Directors of the Company or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers for the year ended 30 June 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for those disclosed in the paragraphs headed "Share Option Scheme" and "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" in this Directors' report in this annual report, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors:

Mr. Lee Chi Sang
Mr. Si Tze Fung

Independent Non-executive Directors:

Mr. Chu Kwok Man
Mr. Leung Hung Kee
Mr. Yeung Wai Keung (resigned on 4 July 2014)
Mr. Law Sung Ching, Gavin (appointed on 12 September 2014)

In accordance with article 105 of the Articles, all directors will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming annual general meeting of the Company.

INDEPENDENCE CONFIRMATIONS FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the INEDs (including Mr. Yeung, a then INED) a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its INEDs to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from 18 October 2013.

Each of Mr. Chu Kwok Man and Mr. Leung Hung Kee has been appointed as an INED for an initial term of two years commencing on 18 October 2013. Mr. Law Sung Ching, Gavin was appointed as an INED for an initial term of one year commencing on 12 September 2014.

Save as disclosed aforesaid, none of the Directors proposed for re-election at the forthcoming annual general meeting has or is proposed to have a service contract with the Company not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Particulars of the Directors' remuneration for the year ended 30 June 2014 are set out in Note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

NON-COMPETITION UNDERTAKINGS

The controlling shareholders of the Company ("**Controlling Shareholders**") (including Business Good Holdings Limited ("**Business Good**") and Mr. Lee Chi Sang ("**Mr. Lee**")), and Mr. Cheung Shui Kwai ("**Mr. Cheung**") have given undertakings (''**Undertakings**'') to the Company not to directly or indirectly engage in the business which competes or may compete with the Group, on terms and conditions as disclosed in the Prospectus. For details of the Undertakings, please refer to page 154 to 156 of the Prospectus.

The Board reports the following concerning the status of compliance with the Undertakings by the Controlling Shareholders and Mr. Cheung:

(1) the Board received from each of Mr. Lee, Business Good, and Mr. Cheung a confirmation (i) of compliance with the Undertakings for FY2014, and (ii) that during FY2014, neither they nor their associates (as defined in the Listing Rules) had any interest in any project or business opportunity (otherwise than through their interests held through the Group) which relates to the business activities by the Group;

(2) none of the Directors are aware of any circumstances which indicate that the Controlling Shareholders and Mr. Cheung or their associates are in breach of the Undertakings during FY2014; and

(3) the terms of the Undertakings have remain unchanged since the Company's listing on the Stock Exchange in November 2013.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives or rewards to selected participants for their contributions to the Group. The Share Option Scheme was adopted by the Company on 18 October 2013 (the "**Adoption Date**"). No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since the Adoption Date and there were no outstanding share options under the Share Option Scheme as at 30 June 2014.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the Directors and the Company's chief executive, and their respective associates had the following interests in the Shares in and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provisions of the SFO) or pursuant to the Model Code, or were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO:

Interests in the Company

Name of Director	Capacity	Long position Number of ordinary Shares	Approximate percentage of total number of Shares *(Note 1)*
Mr. Lee Chi Sang *(Note 2)*	Interest in controlled corporation	140,000,000	70%
Business Good *(Note 2)*	Beneficial owner	140,000,000	70%

Note:

1. The percentage calculated are based on the total number of issued shares of the Company of 200,000,000 shares as at 30 June 2014.

2. These Shares were held by Business Good, which was owned as to 93.2% by Mr. Lee and 6.8% by Mr. Cheung Shui Kwai.

Saved as disclosed above, none of the Directors and chief executive of the Company or any of their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any associated corporation as at 30 June 2014 (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2014, other than those set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" in this annual report as recorded in the register required to be kept under Section 336 of the SFO, to the best of the knowledge and belief of the Directors, no person had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

AUDIT COMMITTEE, REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

Details of the Audit Committee, Remuneration Committee and Nomination Committee are set out in section headed "Corporate Governance Report" of this annual report.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the shares of the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises all the three INEDs, namely Mr. Leung Hung Kee (committee chairman), Mr. Chu Kwok Man and Mr. Law Sung Ching, Gavin (appointed on 12 September 2014). It has reviewed with management the audited financial statements of the Company for the year ended 30 June 2014.

EVENT AFTER THE REPORTING PERIOD

The Group did not have any material subsequent event after the reporting period.

AUDITOR

HLB Hodgson Impey Cheng Limited will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Lee Chi Sang
Chairman

Hong Kong, 26 September 2014

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Chi Sang (李志生), aged 58, the founder of our Group, is the chairman of the Board, chief executive officer of our Company and was appointed as our executive Director on 21 August 2012. He is responsible for the overall strategic planning and management of our Group. Mr. Lee graduated from the University of Hong Kong and obtained the bachelor degree of Social Science in 1978. Mr. Lee possesses over 26 years of experience in trade promotion, exhibition organisation and trade publishing in Hong Kong and overseas.

Mr. Lee is the director of each of Expand Trade Investments Limited ("**Expand Trade**"), Mega Expo (Hong Kong) Limited ("**Mega Expo (HK)**"), Mega Expo Operations Management Limited ("**Mega Expo Operations**"), Mega Expo (Hong Kong) Limited (BVI incorporated) ("**Mega Expo (BVI)**"), i-MegAsia Limited ("**i-MegAsia**"), Mega Expo (U.S.A.) Limited ("**Mega Expo (USA)**"), Mega Expo (Berlin) Limited ("**Mega Expo (Berlin)**"), Profit Topmark Limited ("**Profit Topmark**"), Mega Expo Travel Limited ("**Mega Expo Travel**"), New Heyday Investments Limited ("**New Heyday**") and Idea Trade Limited ("**Idea Trade**"). Mr. Lee is a shareholder of Business Good Holdings Limited ("**Business Good**") as to 93.2% and is one of its two directors.

Mr. Si Tze Fung (施子豐), aged 51, was appointed as our executive Director on 21 August 2012. He is the manager of our Group and is responsible for day-to-day business operation, general administration and management and overseeing the sales functions of our Group. Mr. Si has been engaging in the trade exhibition industry since 1998 and has over 14 years of experience in the industry. During the period from October 1982 to May 1998, Mr. Si was employed by a consumer bank in Hong Kong whereas his last position was senior clerk. In May 1998, Mr. Si joined Kenfair International Limited ("**Kenfair International**"), as assistant manager, responsible for booth design and liaising with booth contractors. During his previous employment in Kenfair International from May 1998 to June 2009, Mr. Si was promoted to sales manager and subsequently to senior manager. Mr. Si finished his secondary education in Hong Kong in 1981. Mr. Si joined our Group in July 2009. Mr. Si is the director of each of Expand Trade, Mega Expo (HK), Mega Expo Operations, Mega Expo (BVI), i-MegAsia, Mega Expo (USA), Mega Expo (U.S.A.) Inc., Mega Expo (Berlin), Profit Topmark, Mega Expo Travel, New Heyday, Idea Trade, Shenzhen Hengjian Exhibition Planning Limited* (深圳恒建展覽策劃有限公司) ("**Shenzhen Hengjian**"). He is also the authorised representative of Shenzhen Hengjian. Mr. Si is one of the two directors of Business Good.

Independent Non-Executive Directors

Mr. Chu Kwok Man (朱國民), aged 58, a solicitor practising in Hong Kong, was appointed as our independent non-executive Director on 18 October 2013. Mr. Chu was an independent non-executive director of the following companies listed on the Main Board of the Stock Exchange: (1) Decca Holdings Limited (Stock Code: 997) (now known as Chinlink International Holdings Limited) from February 2000 to February 2012 and (2) JF Household Furnishings Limited (Stock Code: 776) from April 2008 to August 2011. Mr. Chu has been appointed since March 1999 as an independent non-executive director of Multistack International Limited, a company listed on the Australian Securities Exchange.

Mr. Leung Hung Kee (梁鴻基) *FCCA*, aged 44, was appointed as our independent non-executive Director on 18 October 2013. Mr. Leung obtained a master's degree in business administration from a joint program of the Columbia Business School, the London Business School and The University of Hong Kong in June 2012, and a bachelor of arts degree in accounting and finance from the University of Lancaster in the United Kingdom in June 1993. Mr. Leung was admitted as a fellow of the Association of Chartered Certified Accountants in November 2003. From December 1993 to April 1999, Mr. Leung joined a worldwide professional services firm; and he was promoted in January 1997 as a senior accountant. Mr. Leung has over 20 years of experience in accounting, finance, auditing and risk management from international accounting firms and financial institutions.

Mr. Law Sung Ching, Gavin (羅崇禎), aged 57, was appointed as our independent non-executive Director on 12 September 2014. Mr. Law has accumulated over 25 years of experience in finance and over 15 years of experience in auditing, accounting and company secretarial services from several financial institutions, including IBI Asia Ltd. and CEF Holdings Limited. Mr. Law is a director of LSC Consultants Ltd. and senior advisor of C C Kwong & Company, Certified Public Accountants.

SENIOR MANAGEMENT

Mr. Khan Javed Iqbal, aged 51, is our general manager. Mr. Khan has over 21 years of experience in the trade exhibition industry. Mr. Khan joined our Group in September 2012 and is responsible for overseeing and coordinating the sales department and development of new trade exhibitions. Prior to joining our Group, Mr. Khan joined Kenfair International as marketing executive in January 1992. During his previous employment in Kenfair International, Mr. Khan was promoted to assistant sales manager in May 1993, sales manager in April 1995 and subsequently senior sales manager in August 2000. He was responsible for supervising promotion and marketing activities and sale of exhibition booths for various sizable trade exhibitions held in Hong Kong and overseas. From April 2002 to June 2009, Mr. Khan was engaged as the general manager of Kenfair International and responsible for the overall day-to-day operation of the company. In June 2008, Mr. Khan was appointed as the executive director of Kenfair International (Holdings) Limited (now known as Sino Resources Group Limited) (Stock Code: 223), a company listed on the Main Board and subsequently resigned in April 2009. During his tenure at Sino Resources (formerly known as Kenfair International (Holdings) Limited), Mr. Khan acted as its director and general manager. He was responsible for the sales, promotion and marketing of its trade exhibitions (including the Mega Shows) and its administration function. During the period from July 2009 to August 2012, Mr. Khan acted as the general manager of Kenfair Exhibition Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT
(Continued)

Mr. Khan finished his secondary education in Hong Kong in 1981. In August 2007, he completed the course and obtained the exhibition management degree ("**EMD**") certified by The Global Association of the Exhibition Industry (the "**UFI**") and the University of Cooperative Education in Ravensburg, Germany. The EMD is a 150-hours programme taken in the form of both on-site seminars and e-learning sessions designed for professional training for exhibition organisers and venue managers with course curriculum focuses on project management, business strategy development, risk management, intercultural human resource management and cost controls in relation to exhibition and convention management. Mr. Khan has been elected as the executive vice chairman of Hong Kong Exhibition & Convention Industry Association (formerly known as Hong Kong Exhibition Organisers Association) since 2010.

Mr. Tse Wing Keung (謝永強), aged 48, is our general sales manager of our China Division. Mr. Tse has over 12 years of experience in the trade exhibition industry. Mr. Tse joined our Group in July 2010 and is responsible for handling sales activities with exhibitors from PRC and agents for various trade exhibitions in Hong Kong and overseas. Mr. Tse is also the general manager of Shenzhen Hengjian. Prior to joining our Group, Mr. Tse was employed by Kenfair International and Kenfair International (Overseas) Limited from 15 November 2000 to July 2010, and Mr. Tse joined the company as sales executive and was subsequently promoted to senior project manager handling designated Chinese exhibitors from PRC. Mr. Tse finished his secondary education in Hong Kong in 1983. In September 2012, Mr. Tse obtained the EMD certified by the UFI and the University of Cooperative Education in Ravensburg, Germany. Mr. Tse is the brother-in-law of Mr. Cheung.

COMPANY SECRETARY

Ms. Li Ka Yi (李嘉宜), aged 30, was appointed as the company secretary of the Company on 8 April 2014, and she also holds the position of the chief financial officer of the Group. Ms. Li is a member of the Hong Kong Institute of Certified Public Accountants and holds a bachelor's degree in business administration from Hong Kong Baptist University. Ms. Li has over 7 years of experience in audit, finance and accounting in an international accounting firm.

Notes: The name of certain companies or entities established in the PRC have been included in this section of the annual report in both the Chinese and English languages. The English names of these companies and entities are only translation of their respective Chinese names for identification purpose and they are denoted with "*". In the event of any inconsistency, the Chinese version shall prevail.

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF MEGA EXPO HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Mega Expo Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 31 to 83, which comprise the consolidated and the company statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 26 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	8	**205,781**	220,633
Other revenue	9	**983**	567
Other income	10	**945**	98
Advertising and promotion expenses		**(18,750)**	(10,229)
Agency commission		**(3,040)**	(6,331)
Exhibition rentals		**(32,221)**	(2,982)
Staff costs		**(45,529)**	(34,817)
Booth construction costs		**(20,622)**	(25,582)
Exhibition expenses		**(9,036)**	(8,173)
Exhibition co-operation expenses		**(5,151)**	(58,369)
Other operating expenses		**(52,377)**	(40,574)
Profit before tax	10	**20,983**	34,241
Taxation	12	**(6,892)**	(8,339)
Profit for the year		**14,091**	25,902
Other comprehensive loss for the year, net of tax:			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		**(84)**	(44)
Total comprehensive income for the year, net of tax		**14,007**	25,858
Profit/(loss) for the year attributable to:			
Owners of the Company		**14,120**	26,170
Non-controlling interests		**(29)**	(268)
		14,091	25,902
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**14,036**	26,124
Non-controlling interests		**(29)**	(266)
		14,007	25,858
Earnings per share attributable to owners of the Company			
Basic and diluted (HK cents)	14	**7.74**	17.45
Dividend	13	**5,000**	32,000

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Goodwill	15	**–**	–
Property, plant and equipment	16	**9,872**	1,886
		9,872	1,886
Current assets			
Prepayments, deposits and other receivables	18	**35,315**	34,298
Amount due from ultimate holding company	19	**22**	13
Amount due from a director	20	**–**	21,824
Cash and cash equivalents	21	**135,070**	73,835
		170,407	129,970
Current liabilities			
Receipt in advance		**108,811**	123,590
Accruals and other payables	22	**1,755**	3,908
Amount due to a related company	23	**373**	–
Amount due to a director	24	**5**	–
Income tax payable		**9,027**	8,447
		119,971	135,945
Net current assets/(liabilities)		**50,436**	(5,975)
Total assets less current liabilities		**60,308**	(4,089)
Net assets/(liabilities)		**60,308**	(4,089)
EQUITY			
Capital and reserves			
Share capital	26	**2,000**	–
Reserves		**58,308**	(4,134)
Equity attributable to owners of the Company		**60,308**	(4,134)
Non-controlling interests		**–**	45
Total equity		**60,308**	(4,089)

Approved by the Board on 26 September 2014 and signed on its behalf by:

Mr. Lee Chi Sang
Chairman

Mr. Si Tze Fung
Director

The accompanying notes form an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	*17*	**100**	–
Current assets			
Prepayments	*18*	**2,336**	–
Amount due from a subsidiary	*17*	**51,225**	–
		53,561	–
Current liabilities			
Accruals	*22*	**–**	10
Amount due to a subsidiary	*17*	**–**	31
		–	41
Net current assets/(liabilities)		**53,561**	(41)
Total assets less current liabilities		**53,661**	(41)
Net assets/(liabilities)		**53,661**	(41)
EQUITY			
Equity attributable to owners of the Company			
Share capital	*26*	**2,000**	–
Reserves	*27*	**51,661**	(41)
Total equity		**53,661**	(41)

Approved by the Board on 26 September 2014 and signed on its behalf by:

Mr. Lee Chi Sang
Chairman

Mr. Si Tze Fung
Director

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK'000	Exchange reserve HK$'000	Other reserve HK$'000	(Accumulated loss)/ retained profits HK$'000	Total HK$'000	Non–controlling interests HK'000	Total equity HK$'000
At 1 July 2012	1	–	93	–	1,656	1,750	311	2,061
Profit for the year	–	–	–	–	26,170	26,170	(268)	25,902
Other comprehensive (loss)/income for the year, net of tax	–	–	(46)	–	–	(46)	2	(44)
Total comprehensive (loss)/income for the year	–	–	(46)	–	26,170	26,124	(266)	25,858
Effect of reorganisation	(1)	–	–	(7)	–	(8)	–	(8)
Dividend paid	–	–	–	–	(32,000)	(32,000)	–	(32,000)
At 30 June 2013 and 1 July 2013	–	–	47	(7)	(4,174)	(4,134)	45	(4,089)
Profit for the year	**–**	**–**	**–**	**–**	**14,120**	**14,120**	**(29)**	**14,091**
Other comprehensive loss for the year, net of tax	**–**	**–**	**(84)**	**–**	**–**	**(84)**	**–**	**(84)**
Total comprehensive (loss)/income for the year	**–**	**–**	**(84)**	**–**	**14,120**	**14,036**	**(29)**	**14,007**
Effect of reorganisation	**100**	**–**	**–**	**(100)**	**–**	**–**	**–**	**–**
Issue of shares								
– Share offer	**500**	**66,000**	**–**	**–**	**–**	**66,500**	**–**	**66,500**
– Capitalisation issue	**1,400**	**(1,400)**	**–**	**–**	**–**	**–**	**–**	**–**
Expenses incurred in connection with the issue of shares	**–**	**(11,041)**	**–**	**–**	**–**	**(11,041)**	**–**	**(11,041)**
Release upon deregistration of a subsidiary	**–**	**–**	**(53)**	**–**	**–**	**(53)**	**(16)**	**(69)**
Dividend paid	**–**	**–**	**–**	**–**	**(5,000)**	**(5,000)**	**–**	**(5,000)**
As at 30 June 2014	**2,000**	**53,559**	**(90)**	**(107)**	**4,946**	**60,308**	**–**	**60,308**

The accompany notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**20,983**	34,241
Adjustments for:		
Depreciation of property, plant and equipment	**2,191**	912
Impairment loss recognised in respect of goodwill	**–**	322
Net exchange gains	**(482)**	–
Gain on deregistration of a subsidiary	**(69)**	–
Loss on disposal of property, plant and equipment	**12**	–
Interest income	**(394)**	(8)
Operating cash flows before movement in working capital	**22,241**	35,467
(Increase)/decrease in prepayments, deposits and other receivables	**(1,017)**	26,086
Decrease in amount due from a director	**21,824**	3,069
Increase in amount due from an ultimate holding company	**(9)**	(9)
Decrease in receipt in advance	**(14,779)**	(13,227)
(Decrease)/increase in accruals and other payables	**(2,153)**	2,135
Increase in amount due to a related company	**373**	–
Increase in amount due to a director	**5**	–
Cash generated from operations	**26,485**	53,521
Hong Kong tax paid	**(6,312)**	(7,801)
Net cash generated from operating activities	**20,173**	45,720
INVESTING ACTIVITIES		
Interest received	**394**	8
Proceeds from disposal of property, plant and equipment	**168**	–
Purchases of property, plant and equipment	**(10,357)**	(1,705)
Net cash used in investing activities	**(9,795)**	(1,697)
FINANCING ACTIVITIES		
Proceeds from issue of shares under share offer	**66,500**	–
Expense incurred in connection with the issue of shares	**(11,041)**	–
Dividend paid	**(5,000)**	–
Net cash generated from financing activities	**50,459**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	**60,837**	44,023
Cash and cash equivalents at beginning of year	**73,835**	29,858
Effect of foreign currency exchange rate changes	**398**	(46)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**135,070**	73,835
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**135,070**	73,835

The accompany notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in Cayman Islands under the Companies Law on 21 August 2012 and is listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The principal place of business of the Company in Hong Kong is 38th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

In the opinion of the directors of the Company (the "**Directors**"), the Company's ultimate holding company is Business Good Holdings Limited ("**Business Good**"), a company incorporated in the British Virgin Islands (the "**BVI"**).

The principal activity of the Company is investment holding. The principal activities of the Group are involved in the organisation of exhibitions and trade shows and providing ancillary services and provision of sub-contracting services for exhibitions and trade shows.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. All values are rounded to the nearest thousand, unless otherwise stated.

2. REORGANISATION

In the preparation for the listing of the Company's shares on the Main Board of the Stock Exchange on 6 November 2013 ("**Listing**"), the Group underwent series of corporate reorganisation ("**Reorganisation**"), as a result of which the Company became a holding company of the subsidiaries comprising the Group. The Reorganisation included the following principal steps:

(a) on 19 March 2012, New Heyday Investments Limited ("**New Heyday**") was incorporated in the BVI to act as the holding company of Idea Trade Limited ("**Idea Trade**"). It has an authorised share capital of US$50,000 shares divided into 50,000 shares of US$1.00 each, of which one share was allotted and issued to each of Mr. Lee Chi Sang ("**Mr. Lee**") and Mr. Cheung Shui Kwai ("**Mr. Cheung**") at par on 15 June 2012. The said one share held by and registered in the name of Mr. Cheung in New Heyday was held on trust pursuant to a declaration of trust dated 19 November 2012 in favour of Mr. Lee;

(b) on 3 April 2012, Business Good was incorporated in the BVI as an investment holding company of Mr. Lee with an authorised share capital of US$50,000 shares divided into 50,000 shares of US$1.00 each. On 15 June 2012, Mr. Lee subscribed for and was allotted and issued one share in the share capital of Business Good at par value;

(c) on 30 May 2012, Expand Trade Investments Limited ("**Expand Trade**") was incorporated in the BVI for the purpose of acting as the intermediate holding company of the Group with an authorised share capital of US$50,000 shares divided into 50,000 shares of US$1.00 each. On 15 June 2012, Business Good subscribed for and was allotted and issued one share in the share capital of Expand Trade at par value;

(d) on 30 May 2012, Idea Trade was incorporated in the BVI for the purpose of holding certain licences in connection with the trade exhibitions including the license in relation to the Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show (the "**Mega Show Part I**") and Mega Show Part II Giftware, Housewares, Stationery, School & Office (the "**Mega Show Part II**"), and collectively with the Mega Show Part I, (the "**Mega Shows**") with an authorised share capital of US$50,000 shares divided into 50,000 shares of US$1.00 each. On 15 June 2012, New Heyday subscribed for and was allotted and issued one share in the share capital of Idea Trade at par value;

2. REORGANISATION *(Continued)*

(e) on 4 July 2012, Mr. Lee transferred one share in the issued share capital of each of Mega Expo Operations Management Limited, Mega Expo (Hong Kong) Limited (incorporated in the BVI), Mega Expo (U.S.A.) Limited and Mega Expo (Berlin) Limited, representing their respective entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing an aggregate of four shares in Business Good to Mr. Lee;

(f) on 30 July 2012, Mr. Lee transferred one share in the issued share capital of each of Mega Expo (Hong Kong) Limited and i-MegaAsia Limited, representing their respective entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing an aggregate of two shares in Business Good to Mr. Lee;

(g) on 8 August 2012, Mr. Lee transferred one share in the issued share capital of Profit Topmark Limited, representing its entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing one share in Business Good to Mr. Lee;

(h) on 21 August 2012, the Company was incorporated in the Cayman Islands under the Companies Law as an exempted company to act as the ultimate holding company of the Group. The authorised share capital of the Company, on incorporation, was HK$100,000 divided into 1,000,000 shares of HK$0.1 each. On 21 August 2012, the Company allotted and issued one nil-paid share to Codan Trust Company (Cayman) Limited, which was transferred to Mr. Lee on the same date;

(i) on 19 November 2012, Mr. Lee and Mr. Cheung entered into a deed ("**Deed**"), pursuant to which the parties thereto confirmed and agreed that in consideration of Mr. Cheung procuring HKCEC Management, the venue provider of the Mega Shows to enter into licence agreements for the occupancy of venue for the Mega Shows in 2013 with Idea Trade; Mr. Lee would procure Business Good to allot and issue 68 shares in Business Good to Mr. Cheung, subject to and upon the terms and conditions in the Deed;

(j) on 19 November 2012, each of Mr. Lee and Mr. Cheung, (at the request and as trustee on trust for Mr. Lee), transferred one share in the issued share capital of New Heyday, representing its entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing 924 shares in Business Good to Mr. Lee. On the same day, Business Good allotted and issued 68 shares, credited as fully paid to Mr. Cheung according to the terms of the Deed;

(k) on 3 October 2013, each issued and unissued ordinary share of HK$0.10 each of the Company was sub-divided into 10 shares of HK$0.01 each and following the sub-division of share capital, the number of shares of the Company increased from 1,000,000 to 10,000,000; and

(l) on 3 October 2013, Mr. Lee transferred 10 nil-paid shares in the Company to Business Good and Business Good transferred the entire issued share capital in Expand Trade to the Company, in exchange for which the Company (a) issued and allotted 9,999,990 shares to Business Good, credited as fully paid; and (b) credited as fully paid at par the 10 nil-paid shares which was then registered in the name of Business Good.

Upon the completion of Reorganisation on 3 October 2013, the Company became the holding company of the companies now comprising the Group.

Particulars of the subsidiaries, which are all private companies, of the Group as at 30 June 2014 are set out in Note 17.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("**new HKFRSs**") issued by the Hong Kong Institute of Public Accountants (the "**HKICPA**"), which are effective for the Group's financial year beginning 1 July 2013. A summary of the new HKFRSs are set out as below:

HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvement 2009-2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entitles Transition Guidance
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised Standards on consolidation, joint arrangements, associates and disclosures *(Continued)*

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interest in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Joint Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to assets, and obligations for the liabilities, relating to arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

Other than the additional disclosures by application of HKFRS 12, the application of HKFRS 10 and HKFRS 11 has not had any material impact on the amounts recognised in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirement of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosures requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 July 2013. Amendments to HKFRSs include:

– amendments to HKAS 16 *Property, Plant and Equipment*; and

– amendments to HKAS 32 *Financial Instruments: Presentation.*

Amendments to HKAS 16

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The Directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to HKAS 32

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The Directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HK(IFRIC) – Int 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity during the production phase of the mine. The interpretation addresses the initial measurement and subsequent measurement of the benefit from the stripping activity. According to the Group's assessment, this standard has no material impact on the financial position and performance of the Group.

Save as described above, the application of the above new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[5]
HKAS 19 (2011) (Amendments)	Defined benefit plans: Employee Contribution[2]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statement[5]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[7]
HKFRS 9	Financial Instruments[7]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operation[5]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from contracts with customers[6]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
4 Effective for first annual HKFRS financial statements beginning on or 1 January 2016
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 January 2017
7 Effective for annual periods beginning on or after 1 January 2018

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The Directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRS 11 – *Accounting for Acquisition of Interests in Joint Operation*

HKFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

HKFRS 14 *Regulatory Deferral Accounts*

HKFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous Generally Accepted Accounting Principles ("**GAAP**") requirements when they adopt HKFRS. However, to enhance comparability with entities that already apply HKFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents HKFRS financial statements is not eligible to apply the standard.

The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

HKFRS 15 *Revenue from contracts with customers*

The core principle of HKFRS 15 is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2017 with earlier application permitted.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation a Amortisation*

HKAS 16 and HKAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*

HKAS 41 currently requires all biological assets related to agricultural activity to be measured at FVLCTS. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by FV measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

The amendments state that bearer plants should be accounted for in the same way as PPE in HKAS 16 because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of HKAS 16, instead of HKAS 41. The produce growing on bearer plants will remain within the scope of HKAS 41.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to HKAS 19 (2011) *Employee Benefits*

The issuance of HKAS 19 (2011) Employee Benefits completes improvements to the accounting requirements for pensions and other post-employment benefits and HKAS 19 (2011) makes important improvements by:

- Eliminating an option to defer the recognition of gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation.

- Streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in OCI, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations.

- Enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

HK (IFRIC) – Int 21 *Levies*

HK (IFRIC) – Int 21 *Levies* addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statement include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

(a) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries for the year ended 30 June 2014. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of consolidation *(Continued)*

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Contingent consideration

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Business combination *(Continued)*

Contingent consideration *(continued)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, over its estimated useful life. The principal annual rates are as follows:

Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	20%
Computer equipment	25%
Motor vehicle	20%

The residual values and estimated useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal or retirement of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated statement of profit or loss and other comprehensive income.

(f) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including deposits and other receivables, amount due from ultimate holding company, amount due from a director and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities

Other financial liabilities (including accruals and other payables, amount due to a related company and amount due to a director) are subsequently measured at amortised cost using the effective interest method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises of cash on hand and cash at bank which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and cash at bank, which are not restricted to use.

(i) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

(i) Participation fee income

Participation fee income is derived from allowing the exhibitors to participate in relevant exhibitions and the provision of decoration facilities for the exhibition booths, and is recognised when the decoration facilities are provided and when the exhibitions are held.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(iii) Additional facilities income

Additional facilities income is recognised when the services are rendered.

(iv) Sub-contracting income

Sub-contracting income is recognised when the services are rendered.

(v) Management fee income

Management fee income is recognised when the services are rendered.

(vi) Other ancillary service income

Other ancillary service income is recognised when the services are rendered.

(j) Retirement benefits costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held by separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Retirement benefits costs *(Continued)*

As stipulated by the rules and regulations of the People's Republic of China ("**PRC**"), the Company's subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post retirement benefits beyond the annual contribution.

The costs of employee retirement benefits are recognised as expenses in profit or loss in the period in which they are incurred.

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Taxation *(Continued)*

Deferred tax *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Foreign currencies

The financial statements are presented in Hong Kong Dollars. Each entity in the Group determines its own functional currency, and items included in financial statements of each entity are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Foreign currencies *(Continued)*

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(o) Related parties

A party is considered to be related to the Group if:

(i) A person or a close member of that person's family, is related to the Group, if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) the entity and the Group are joint ventures of the same third party.

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) the entity is controlled or jointly controlled by a person identified in (i).

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the consolidated statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability in the Group's financial statements.

Interim dividends are recognised as a liability when they are proposed and declared.

(r) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Government grants *(Continued)*

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker ("CODM") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical location.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 4, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next year, are discussed below:

Income taxes

The Group is subject to income taxes in numerous tax authorities. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

	The Group	
	2014	2013
	HK$'000	HK$'000
Financial assets		
Loan and receivables		
– Amount due from a director	**–**	21,824
– Amount due from ultimate holding company	**22**	13
– Financial assets included in other receivables	**28**	1,535
– Cash and cash equivalents	**135,070**	73,835
	135,120	97,207
Financial liabilities		
Amortised costs		
– Accruals and other payables	**1,755**	3,908
– Amount due to a director	**5**	–
– Amount due to a related company	**373**	–
	2,133	3,908

	The Company	
	2014	2013
	HK$'000	HK$'000
Financial assets		
Loan and receivables		
– Amount due from a subsidiary	**51,225**	–
Financial liabilities		
Amortised costs		
– Accruals	**–**	10
– Amount due to a subsidiary	**–**	31
	–	41

(b) Financial risk management objectives and policies

The Group's major financial instruments include amount due from a director, amount due from ultimate holding company, other receivables, cash and cash equivalents, accruals and other payables, amount due to a director and amount due to a related company. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

For the year ended 30 June 2013, the Group's credit risk is primarily attributable to amounts due from directors. The amounts were recovered during the year ended 30 June 2014. The Group has no other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

The credit risk on liquid funds is limited because the counterparties are banks which are reputable in the opinion of management.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. The Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

The Group's financial liabilities are analysed into relevant maturity groupings based on the remaining period at the respective end of the reporting periods to the contractual maturity date, using the contractual undiscounted cash flows, as follows:

The Group
30 June 2014

	Weighted average interest rate %	Carrying amount HK$'000	On demand HK$'000	Within 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flow HK$'000
Accruals and other payables	–	1,755	1,755	–	–	1,755
Amount due to a related company	–	373	373	–	–	373
Amount due to a director	–	5	5	–	–	5
		2,133	2,133	–	–	2,133

30 June 2013

	Weighted average interest rate %	Carrying amount HK$'000	On demand HK$'000	Within 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flow HK$'000
Accruals and other payables	–	3,908	3,908	–	–	3,908
		3,908	3,908	–	–	3,908

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(continued)*

The Company

30 June 2013

	Weighted average interest rate %	Total Carrying amount HK$'000	On demand HK$'000	Within 1 year HK$'000	Over 1 year HK$'000	undiscounted cash flow HK$'000
Accruals	–	10	10	–	–	10
Amount due to a subsidiary	–	31	31	–	–	31
		41	41	–	–	41

Interest rate risk

The Group has no interest-bearing liabilities, and is therefore not exposed to significant interest rate risk. The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Currency risk

The Group operates in Hong Kong, the PRC, Germany, Singapore and the United States of America (the "**US**") and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars ("**USD**"), Renminbi ("**RMB**"), Singapore dollars ("**SGD**") and Euro ("**EUR**"). Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities. The Group has no significant direct exposure to foreign currencies as most of the commercial transactions, assets and liabilities are denominated in a currency same as the functional currency of each entity of the Group.

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Fair value of financial instruments *(Continued)*

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

(d) Capital risk management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is total debts divided by total assets. The Group policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of each reporting period were as follows:

	2014 **HK$'000**	2013 HK$'000
Total debts *(Note)*	**378**	–
Total assets	**180,279**	131,856
Gearing ratio	**0.2%**	N/A

Note: Total debts comprise of amount due to a related company (Note 23) and amount due to a director (Note 24).

7. SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performances focuses on types of services provided.

The Group organised into three operating divisions: organisation of exhibition, exhibition related services and ancillary services. These divisions are the basis on which the Group reports its segment information.

The three operating and reportable segments are as follows:

Organisation of exhibitions	Organising trade shows and exhibitions
Exhibition-related services	Provision of additional facilities, sub-contracting and management services for trade shows and exhibitions
Ancillary services	Provision of ancillary services for trade shows and exhibitions

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 30 June

	Organisation of exhibitions		Exhibition – related services		Ancillary services		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Revenue								
Segment revenue	**195,679**	209,753	**31,559**	37,162	**80**	105	**227,318**	247,020
Inter-segment revenue	**–**	–	**(21,537)**	(26,387)	**–**	–	**(21,537)**	(26,387)
Revenue from external customers	**195,679**	209,753	**10,022**	10,775	**80**	105	**205,781**	220,633
Results								
Segment results	**98,566**	90,825	**10,022**	10,775	**80**	(84)	**108,668**	101,516
Unallocated income							**1,295**	94
Unallocated corporate expenses							**(88,980)**	(67,369)
Profit before tax							**20,983**	34,241
Taxation							**(6,892)**	(8,339)
Profit for the year							**14,091**	25,902

7. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets and liabilities by operating segment:

	Organisation of exhibitions as at 30 June		Exhibition – related services as at 30 June		Ancillary services as at 30 June		Total as at 30 June	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets								
Segment assets	**23,582**	29,735	**–**	–	**–**	–	**23,582**	29,735
Unallocated corporate assets							**156,697**	102,121
							180,279	131,856
Liabilities								
Segment liabilities	**108,808**	123,581	**–**	–	**3**	9	**108,811**	123,590
Unallocated corporate liabilities							**11,160**	12,355
							119,971	135,945

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated reportable segments other than corporate assets; and
- all liabilities are allocated reportable segments other than corporate liabilities.

Other segment information

For the year ended 30 June

	Organisation of exhibitions		Exhibition – related services		Ancillary services		Unallocated		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation and amortisation	**–**	–	**–**	–	**–**	–	**(2,191)**	(912)	**(2,191)**	(912)
Capital expenditures	**–**	–	**–**	–	**–**	–	**(10,357)**	(1,705)	**(10,357)**	(1,705)

Geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the services provided, and assets are attributed to the segments based on the location of assets.

The following tables present revenue and certain assets and expenditure information for the Group's geographical segments, including Hong Kong, the PRC, Singapore, Germany and the US.

7. SEGMENT INFORMATION *(Continued)*

Segment revenue:

	For the year ended 30 June	
	2014	2013
	HK$'000	HK$'000
Hong Kong	**190,950**	195,165
Singapore	**8,582**	10,673
Germany	**6,249**	6,603
The US	**–**	8,192
	205,781	220,633

Other segment information:
Segment assets:

	As at 30 June 2014	As at 30 June 2013
	HK$'000	HK$'000
Hong Kong	**177,193**	131,391
The PRC	**3,086**	465
	180,279	131,856

Capital expenditure:

	For the year ended 30 June	
	2014	2013
	HK$'000	HK$'000
Hong Kong	**10,110**	1,649
The PRC	**247**	56
	10,357	1,705

Information about major customers

The Group's customer base includes one customer with whom transactions have exceeded 10% of the Group's revenue during the years, provision of organisation of exhibitions services to this customer is set out below:

	For the year ended 30 June	
	2014	2013
	HK$'000	HK$'000
Customer A	**22,562**	27,441

8. REVENUE

The principal activities of the Group are involved in the organisation of trade shows and exhibitions, providing ancillary services and sub-contracting and management services for exhibitions and trade shows.

An analysis of the Group's revenue is as follows:

	For the year ended 30 June	
	2014	2013
	HK$'000	HK$'000
Participation income	**195,679**	209,753
Additional facilities income	**9,464**	10,416
Sub-contracting and management fee income	**558**	359
Other ancillary service income	**80**	105
	205,781	220,633

9. OTHER REVENUE

	For the year ended 30 June	
	2014	2013
	HK$'000	HK$'000
Government subsidy *(Note)*	**–**	116
Admission income	**401**	–
Sundry income	**582**	451
	983	567

Note:

For the year ended 30 June 2013, government subsidy represents the grant of approximately HK$17,000 and HK$99,000 from the Hong Kong Trade and Industry Department under the SME Marketing Export Fund for the participation in HKTDC Hong Kong Gifts & Premium Fair 2012 and Singapore Tourism Board for the organisation of Singapore Asia Expo respectively.

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the year ended 30 June	
	2014	2013
	HK$'000	HK$'000
Staff costs:		
Employee benefit expenses		
(including directors' remuneration *(Note (11))*)		
– Wages and salaries	**43,913**	33,583
– Retirement benefit schemes contributions	**1,616**	1,234
	45,529	34,817
Other items:		
Depreciation of owned property, plant and equipment *(Note (16))*	**2,191**	912
Impairment loss recognised in respect of goodwill	**–**	322
Auditors' remuneration	**1,563**	1,025
Loss on disposal of property, plant and equipment	**12**	–
Operating lease rentals in respect of land and building	**10,829**	9,902
And after crediting:		
Other income:		
Interest income	**394**	8
Gain on deregistration of a subsidiary	**69**	–
Exchange gains	**482**	90
	945	98

11. DIRECTOR'S EMOLUMENTS, FIVE HIGHEST PAID EMPLOYEES REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

Director's emoluments

Details of directors' emoluments are as follows:

	For the year ended 30 June	
	2014	2013
	HK$'000	HK$'000
Fee	**633**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**6,857**	6,348
Retirement benefit schemes contributions	**30**	30
Total	**7,520**	6,378

11. DIRECTOR'S EMOLUMENTS, FIVE HIGHEST PAID EMPLOYEES REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

Director's emoluments *(Continued)*

The emoluments paid or payable to each of the five (2013: five) directors and the chief executive for the years ended 30 June 2014 and 2013 were as follows:

	Fee		Salaries, allowances, and benefits in kind		Retirement benefit scheme contributions		Total remuneration	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Executive directors								
Mr. Lee Chi Sing (Chief Executive Officer)	**–**	–	**5,231**	4,478	**15**	15	**5,246**	4,493
Mr. Si Tze Fung	**–**	–	**1,626**	1,870	**15**	15	**1,641**	1,885
Independent non-executive directors								
Mr. Chu Kwok Man *(Note a)*	**211**	–	**–**	–	**–**	–	**211**	–
Mr. Leung Hung Kee *(Note a)*	**211**	–	**–**	–	**–**	–	**211**	–
Mr. Yeung Wai Keung *(Note a, d)*	**211**	–	**–**	–	**–**	–	**211**	–
Mr. Law Sung Ching, Gavin *(Note e)*	**–**	–	**–**	–	**–**	–	**–**	–
	633	–	**6,857**	6,348	**30**	30	**7,520**	6,378

The emoluments of the executive directors and independent non-executive directors are within the following band:

	2014	2013
HK$5,000,001 to HK$6,000,000	**1**	–
HK$4,000,001 to HK$5,000,000	**–**	1
HK$3,000,001 to HK$4,000,000	**–**	–
HK$2,000,001 to HK$3,000,000	**–**	–
HK$1,000,001 to HK$2,000,000	**1**	1
Nil to HK$1,000,000	**3**	3
Total	**5**	5

Note:

(a) The Company's independent non-executive directors were all appointed on 18 October 2013.

(b) During the year ended 30 June 2014, bonus of approximately HK$170,000 (2013: HK$813,000) were paid to the executive directors of the Company. During the years ended 30 June 2014 and 2013, no directors waived or agreed to waive any remuneration. In addition no emoluments were paid by the Group to the executive directors and independent non-executive directors as an inducement to join, or upon joining the Group, or as a compensation for loss of office.

(c) During the years ended 30 June 2014 and 2013, no share options were granted to the executive directors and independent non-executive directors to subscribe for ordinary shares of the Company under the Company's share option scheme.

(d) Mr. Yeung Wai Keung resigned as an independent non-executive directors on 4 July 2014.

(e) Mr. Law Sung Ching, Gavin was appointed as an independent non-executive directors on 12 September 2014.

11. DIRECTOR'S EMOLUMENTS, FIVE HIGHEST PAID EMPLOYEES REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

Five highest paid employees

The five highest paid employees of the Group during the year are analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Directors	**6,887**	6,378
Non-directors	**3,562**	3,739
Total	**10,449**	10,117

Details of the remuneration of the non-director, highest paid employees during the year are as follow:

	2014 **HK$'000**	2013 HK$'000
Salaries, allowances and benefits in kind	**3,525**	3,703
Retirement benefit schemes contribution	**37**	36
Total	**3,562**	3,739

The number of these non-directors, highest paid employees whose remuneration fell within the following band is as follows:

	2014	2013
HK$1,000,001 to HK$2,000,000	**3**	2
Nil to HK$1,000,000	**–**	1
Total	**3**	3

Senior managements of the Company

The emoluments of the senior managements of the Company are within the following band:

	2014	2013
HK$1,000,001 to HK$2,000,000	**1**	1
Nil to HK$1,000,000	**2**	4
Total	**3**	5

11. DIRECTOR'S EMOLUMENTS, FIVE HIGHEST PAID EMPLOYEES REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

Senior managements of the Company *(Continued)*

During the year ended 30 June 2014, bonus of approximately HK$346,000 (2013: HK$544,000) were paid to the senior managements of the Company. No emoluments were paid by the Group to the senior management as an inducement to join, or upon joining the Group, or as a compensation for loss of office.

During the years ended 30 June 2014 and 2013, no share options to subscribe for ordinary shares of the Company were granted to the senior managements of the Company under the Company's share option scheme.

12. TAXATION

	For the year ended 30 June	
	2014	2013
	HK$'000	HK$'000
Current tax		
– Hong Kong profits tax	**6,892**	8,339

Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit in Hong Kong during the year.

Singapore corporate tax is calculated at 17% on assessable profit derived from Singapore. During the year ended 30 June 2013, the estimated corporate tax liability was approximately HK$17,000 and the amount was indemnified by the controlling shareholders of the Company, as a result no provision was recognised.

No provision for the PRC enterprise income tax has been made as the PRC subsidiaries did not have any assessable profits in the PRC for the year.

No provision for the US federal income tax and branch profits tax has been made as the US-incorporated subsidiary did not have any assessable profits in the US for the year ended 30 June 2014 (2013: N/A).

No deferred tax has been provided for as there were no material temporary differences.

A reconciliation of the taxation applicable to profit before tax using the statutory rate for the location in which the Group are domiciled to the tax expense at the effective tax rate are as follows:

	For the year ended 30 June			
	2014		2013	
	HK$'000	**%**	HK$'000	%
Profit before tax	**20,983**		34,241	
Tax expenses at the Hong Kong Profits Tax rate of 16.5%	**3,462**	**16.5**	5,650	16.5
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(2)**	**–**	(302)	(0.9)
Tax effect of expenses not deductible for tax purposes	**1,923**	**9.2**	1,822	5.3
Under provision in prior years	**11**	**0.1**	–	–
Tax effect of tax losses not recognised	**1,498**	**7.1**	1,169	3.5
Tax charge for the year	**6,892**	**32.9**	8,339	24.4

13. DIVIDENDS

	For the year ended 30 June	
	2014	2013
	HK$'000	HK$'000
Dividends – interim dividend	**5,000**	32,000

During the year ended 30 June 2013, the Group declared and paid HK$32,000,000 interim dividend to its shareholders. During the year ended 30 June 2014, the Company declared and paid an interim dividend of 2.5 HK cents per share. No final dividend was recommended by the Board of the Company for the year ended 30 June 2014.

No dividend payable to owners of the Group attributable to the previous financial year was approved and paid during the year.

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the year ended 30 June 2014 amounted to approximately HK$14,120,000 (2013: approximately HK$26,170,000) and on weighted average number of 182,466,000 ordinary shares (2013: on the assumption that 150,000,000 ordinary shares) in issue during the year.

There was no dilutive potential ordinary shares in existence during the years ended 30 June 2014 and 2013, therefore the diluted earnings per share is the same as the basic earnings per share.

15. GOODWILL

	HK$'000
Cost	
As at 1 July 2012, 30 June 2013 and 1 July 2013	322
Deregistration of a subsidiary	(322)
As at 30 June 2014	–
Accumulated impairment	
As at 1 July 2012	–
Provision for the year	322
As at 30 June 2013 and 1 July 2013	322
Derecognised upon deregistration of a subsidiary	(322)
As at 30 June 2014	–
Carrying amounts	
As at 30 June 2014	–
As at 30 June 2013	–

15. GOODWILL *(Continued)*

Impairment testing on goodwill

During the year ended 30 June 2013, the Group decided to deregister Ningbo Tianyi Yonggang International Exhibition Limited ("Ningbo Tianyi") and is arranging for the application and other relevant documentation. The Directors revised the cashflow projections and expected no cashflow will be generated from Ningbo Tianyi and therefore an impairment loss on goodwill of approximately HK$322,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2013. The deregistration of Ningbo Tianyi has completed in May 2014. As a result, the cost and accumulated impairment have been derecognised upon the completion of the deregistration.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Motor vehicle HK'000	Leasehold improvement HK'000	Computer equipment HK'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost					
As at 1 July 2012	–	1,114	340	638	2,092
Additions	–	–	1,162	543	1,705
Exchange realignment	–	–	1	1	2
As at 30 June 2013 and 1 July 2013	–	1,114	1,503	1,182	3,799
Additions	**1,679**	**7,533**	**588**	**557**	**10,357**
Disposals	**–**	**(1,237)**	**(72)**	**(59)**	**(1,368)**
Exchange realignment	**–**	**–**	**1**	**(1)**	**–**
As at 30 June 2014	**1,679**	**7,410**	**2,020**	**1,679**	**12,788**
Accumulated depreciation					
As at 1 July 2012	–	660	123	218	1,001
Charge for the year	–	372	319	221	912
As at 30 June 2013 and 1 July 2013	–	1,032	442	439	1,913
Charge for the year	**28**	**1,437**	**438**	**288**	**2,191**
Disposals	**–**	**(1,089)**	**(56)**	**(43)**	**(1,188)**
As at 30 June 2014	**28**	**1,380**	**824**	**684**	**2,916**
Net book value					
As at 30 June 2014	**1,651**	**6,030**	**1,196**	**995**	**9,872**
As at 30 June 2013	–	82	1,061	743	1,886

17. INTEREST IN SUBSIDIARIES

The Company

	2014 **HK$'000**	2013 HK$'000
Unlisted shares, at cost	**100**	–
Amount due from a subsidiary	**51,225**	–
Amounts due to a subsidiary	**–**	31

The amount due from a subsidiary is unsecured, interest-free and recoverable on demand.

The amount due to a subsidiary is unsecured, interest-free and repayable on demand.

17. INTEREST IN SUBSIDIARIES *(Continued)*

Details of the Company's subsidiaries as at 30 June 2014 are set out as follow:

Name of subsidiaries	Place of incorporation/ operations	Issued/and paid up registered capital	Percentage of equity and voting power attributable to the Company Direct	Indirect	Principal activities
Expand Trade Investments Limited	BVI	Ordinary HK$99,999.90	100%	–	Investment holding
Mega Expo (Hong Kong) Limited	BVI/ Hong Kong	Ordinary US$1.00	–	100%	Organisation of exhibitions and trade shows
Mega Expo (Hong Kong) Limited	Hong Kong	Ordinary HK$1.00	–	100%	Organisation of exhibitions and trade shows and providing ancillary services
Shenzhen Hengjian Exhibition Planning Limited	PRC	Ordinary RMB4,115,805.00	–	100%	Organisation of exhibitions and trade shows
i-Mega Asia Limited	Hong Kong	Ordinary HK$1.00	–	100%	Provision of ancillary services for trade shows
Mega Expo (U.S.A.) Limited	BVI/ Hong Kong	Ordinary US$1.00	–	100%	Organisation of exhibitions and trade shows
Mega Expo (U.S.A.) Inc.	US	Ordinary US$0.1	–	100%	Inactive
Mega Expo Operations Management Limited	BVI/ Hong Kong	Ordinary US$1.00	–	100%	Provision of sub–contracting services for exhibitions and shows
Mega Expo (Berlin) Limited	BVI/ Hong Kong	Ordinary US$1.00	–	100%	Organisation of exhibitions and trade shows
Mega Expo Travel Limited	Hong Kong	Ordinary HK$500,000.00	–	100%	Provision of travel agency business
New Heyday Investments Limited	BVI	Ordinary US$2.00	–	100%	Investment holding
Idea Trade Limited	BVI	Ordinary US$1.00	–	100%	License holding
Profit Topmark Limited	BVI	Ordinary US$1.00	–	100%	Investment holding

Note:

(i) Shenzhen Hengjian Exhibition Planning Limited is a wholly foreign owned enterprise established in the PRC, the Group has 100% of controlling interest for this company.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**30,159**	29,735	**2,336**	–
Deposits	**5,128**	3,028	**–**	–
Other receivables	**28**	1,535	**–**	–
	35,315	34,298	**2,336**	**–**

Note:

As at 30 June 2013, other receivables included funds advance to staffs. The staff entitled an interest-free loan equivalent to the amount of the gratuity in advance provided that they do not terminate by their own resignation for twenty-four consecutive calendar months from 21 December 2009 to 20 December 2011 (the "**Qualifying Period**").

The loan shall become immediately due and repayable to the Company upon the termination of employment by staff and shall carry interest at the rate of 2% per calendar month from the date of termination of employment until the date of full repayment of the loan and interest.

On 10 December 2011, the Company had extended the Qualifying Period of the gratuity payment to 20 December 2013 with the same terms applies. The loan was fully settled during the year ended 30 June 2014.

19. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

The Group

	2014	2013
	HK$'000	HK$'000
Business Good	**22**	13

The amount due from ultimate holding company was unsecured, interest-free and recoverable on demand.

The maximum outstanding balances for the years ended 30 June 2013 and 2014 were approximately HK$13,000 and HK$22,000 respectively.

20. AMOUNT DUE FROM A DIRECTOR

The Group

	2014	2013
	HK$'000	HK$'000
Name of director		
Mr. Lee Chi Sang	**–**	21,824

The amount due from a director was unsecured, interest-free and recoverable on demand.

The maximum outstanding balances for the years ended 30 June 2013 and 2014 were approximately HK$63,580,000 and HK$21,824,000 respectively.

21. CASH AND CASH EQUIVALENTS

The Group

	2014 HK$'000	2013 HK$'000
Cash and bank balances	48,480	73,835
Non-pledged bank deposits	86,590	–
	135,070	73,835

Non-pledged bank deposits with banks carry interest at market rates which is approximately 0.13% to 1.3% per annum for current year.

As at 30 June 2013 and 2014, the remittance of cash and cash equivalents denominated in RMB of approximately HK$307,000 and HK$2,779,000 respectively out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

22. ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Other payables	1,717	445	–	–
Accruals	38	3,463	–	10
	1,755	3,908	–	10

23. AMOUNT DUE TO A RELATED COMPANY

The Group

The amount due to a related company was unsecured, interest-free and repayable on demand.

24. AMOUNT DUE TO A DIRECTOR

The Group

The amount due to a director was unsecured, interest-free and repayable on demand.

25. DEFERRED TAX

The Group

As at 30 June 2013 and 2014, the Group had unused estimated tax losses of approximately HK$14,069,000 and HK$23,508,000 respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

26. SHARE CAPITAL

The Group

As at 1 July 2012, 30 June 2013 and 1 July 2013, the share capital of the Group represents the aggregate amount of issued share capital of the companies now comprising the Group.

Upon the completion of the Reorganisation and as at 30 June 2014, the share capital of the Group represents the issued share capital of the Company.

The Company

	Par value	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 21 August 2012 (date of incorporation), 30 June 2013 and 1 July 2013	0.1	1,000,000	100
Shares sub-division *(Note (a))*	0.01	9,000,000	–
Increase in authorised share capital *(Note (c))*	0.01	990,000,000	9,900
At 30 June 2014		**1,000,000,000**	**10,000**
Issued and fully paid:			
At 21 August 2012 (date of incorporation), 30 June 2013 and 1 July 2013	0.1	1	–
Shares sub-division *(Note (a))*	0.01	9	–
Issue of shares *(Note (b))*	0.01	9,999,990	100
Issue of shares upon capitalisation issue *(Note (d))*	0.01	140,000,000	1,400
Share offer *(Note (e))*	0.01	50,000,000	500
At 30 June 2014		**200,000,000**	**2,000**

26. SHARE CAPITAL *(Continued)*

The Company *(Continued)*
Note:

(a) On 3 October 2013, each issued and unissued ordinary shares of the Company of HK$0.1 each was sub-divided into 10 shares of HK$0.01 each. As a result, the number of shares of the Company was increased from 1,000,000 shares to 10,000,000 shares.

(b) As part of the Reorganisation, on 3 October 2013, Mr. Lee Chi Sang, a shareholder of the Company transferred 10 nil-paid shares in the Company to Business Good and Business Good transferred the entire issued share capital in Expand Trade to the Company, in exchange for which the Company (1) issued and allotted 9,999,990 shares to Business Good, credited as fully paid; and (2) credited as fully paid at par the 10 nil-paid shares which was registered in the name of Business Good.

(c) Pursuant to the board resolution passed on 18 October 2013, the authorised share capital of the Company was increased from HK$100,000 to HK$10,000,000 by the creation of 990,000,000 new shares.

(d) As a result of the public offer and placing of the Company's shares (the "**Share Offer**"), the directors of the Company were authorised to capitalise HK$1,400,000 standing to the credit of the share premium account by applying that sum in paying up in full at par 140,000,000 shares for allotment and issue to the holder of share whose name appear on the register of members of the Company at the close of business on 18 October 2013 in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to its then existing shareholding in the Company and so that the shares be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued shares and the directors of the Company were authorised to give effect to such capitalisation.

(e) To proceed the Share Offer, the Company issued an additional 50,000,000 shares of HK$0.01 each on 6 November 2013.

27. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior period are presented in the consolidated statement of changes in equity on page 34 of the consolidated financial statements.

The Company

	Share premium HK$'000	**Accumulated losses** HK$'000	**Total equity** HK$'000
At 1 July 2012	–	–	–
Loss and total comprehensive loss for the year	–	(41)	(41)
As 30 June 2013 and 1 July 2013	–	(41)	(41)
Profit and total comprehensive income for the year	–	3,143	3,143
Issue of shares			
– Share Offer	66,000	–	66,000
– Capitalisation issue	(1,400)	–	(1,400)
Expenses incurred in connection with the issue of shares	(11,041)	–	(11,041)
Dividend paid	–	(5,000)	(5,000)
At 30 June 2014	**53,559**	**(1,898)**	**51,661**

27. RESERVES *(Continued)*

Note:

(a) Share capital

The Group

As at 30 June 2013 and 2014, the share capital of the Group represents the issued share capital of the Company.

The Company

The Company was incorporated on 21 August 2012 in the Cayman Islands under the Companies Law, as an exempted company with limited liability with an authorised share capital of HK$100,000 divided into 1,000,000 shares of HK$0.10 each and the Company allotted and issued one nil-paid share.

(b) Statutory reserve

In accordance with the Company Law of the PRC, the PRC subsidiaries of the Group is required to allocate 10% of their profit after tax to the statutory reserve until such reserve reaches 50% of the registered capital of the PRC subsidiaries. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory reserve may be converted to increase paid-up capital/issued capital of the PRC subsidiaries, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

The statutory reserve of the PRC subsidiaries was HK$Nil as at 2013 and 2014.

(c) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currency other than HK$ which are dealt with in accordance with the accounting policies as set out in Note 4.

(d) Other reserve

Other reserve represented the difference between the Group's share of nominal value of the paid-up capital of the subsidiary acquired over the Group's cost of acquisition of the subsidiary under common control upon Reorganisation as detailed in Note 2.

(e) Distributable reserve

Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to its shareholder provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

At 30 June 2014, the Company's reserves available for distribution to shareholders amounting to approximately HK$53.6 million (2013: HK$Nil) and calculated in accordance with Companies Law of Cayman Islands and the memorandum and articles of the Company.

28. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere to the consolidated financial statements, the Group had entered into the following related party transactions, which in the opinion of the directors of the Company, were carried out on normal commercial terms and in the ordinary course of the Group.

Remuneration for key personnel management, including emoluments paid to the Company's directors and certain highest paid employees of the Group, as disclosed in Note 11 to the consolidated financial statements, are as follows:

Key management personnel

	2014 **HK$'000**	2013 HK$'000
Salaries, allowances and benefits in kind	**10,966**	10,775
Retirement benefit schemes contributions	**101**	100
Total compensation paid to key management personnel	**11,067**	10,875

29. OPERATING LEASE COMMITMENTS

The Group as lessee

As at 30 June 2013 and 2014, the Group had outstanding commitments payable under non-cancellable operating leases in respect of properties rented with lease terms of between 1 to 3 years which fall due as follows:

	2014 **HK$'000**	2013 HK$'000
Within one year	**35,706**	21,430
In the second to fifth year, inclusive	**10,472**	2,653
	46,178	24,083

30. MAJOR NON-CASH TRANSACTIONS

During the year ended 30 June 2013, interim dividend of HK$32,000,000 was settled with the amount due from a shareholder, Mr. Lee.

31. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 September 2014.

FIVE-YEAR FINANCIAL SUMMARY

Summary of the results, assets and liabilities of the Group for last five years is as follow:

RESULTS

	For the year ended 30 June				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(audited)	(audited)	(audited)	(audited)	(audited)
Revenue	**205,781**	220,633	166,795	147,758	134,375
Profit before taxation	**20,983**	34,241	30,864	31,220	20,298
Taxation	**(6,892)**	(8,339)	(5,976)	(5,294)	(3,346)
Profit for the year	**14,091**	25,902	24,888	25,926	16,952
Attributable to:					
Owners of the Company	**14,120**	26,170	25,056	26,049	16,952
Non-controlling interests	**(29)**	(268)	(168)	(123)	–
Profit for the year	**14,091**	25,902	24,888	25,926	16,952
Earnings per share					
– Basic (HK cents)	**7.74**	17.45	16.70	17.37	11.30

ASSETS AND LIABILITIES

	As at 30 June 2014 HK$'000 (audited)	As at 30 June 2013 HK$'000 (audited)	As at 30 June 2012 HK$'000 (audited)	As at 30 June 2011 HK$'000 (audited)	As at 30 June 2010 HK$'000 (audited)
Total assets	**180,279**	131,856	148,560	123,004	125,098
Total liabilities	**(119,971)**	(135,945)	(146,499)	(118,865)	(108,146)
Non-controlling interests	**–**	(45)	(311)	(471)	–
Total equity attributable to owners of the Company	**60,308**	(4,134)	1,750	3,668	16,952