MEGA EXPO HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1360)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

The board of directors (the "**Board**") of Mega Expo Holdings Limited (the "**Company**") presents the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 June 2018 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	**2018** **HK$'000**	2017 HK$'000 (Restated)
Continuing operations			
Revenue	*5*	**254,051**	102,938
Cost of sales		**(137,787)**	(48,660)
Gross profit		**116,264**	54,278
Other income		**1,814**	464
Other gains and losses	*6*	**28,619**	(13,592)
Net loss on financial assets at fair value through profit or loss	*6*	**(23,974)**	(2,909)
Net gain on change in fair value of contingent consideration payables	*6*	**43,433**	–
Selling expenses		**(12,570)**	(12,310)
Administrative expenses		**(40,209)**	(46,174)
Operating profit/(loss)		**113,377**	(20,243)
Finance costs		**(237)**	–
Profit/(loss) before tax from continuing operations	*6*	**113,140**	(20,243)
Income tax expenses	*7*	**(22,435)**	(5,664)
Profit/(loss) for the year from continuing operations		**90,705**	(25,907)
Discontinued operation			
Loss for the year from discontinued operation		**–**	(13,410)
Profit/(loss) for the year		**90,705**	(39,317)

	Notes	2018 *HK$'000*	2017 *HK$'000* (Restated)
Other comprehensive (expenses)/income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(3,907)**	(39)
Release of exchange reserve upon deregistration of a subsidiary		**169**	–
Total comprehensive income/(expenses) for the year		**86,967**	(39,356)
Profit/(loss) for the year attributable to owners of the Company arising from:			
Continuing operations		**90,706**	(23,001)
Discontinued operation		**–**	(13,410)
		90,706	(36,411)
Loss for the year attributable to non-controlling interests arising from:			
Continuing operations		**(1)**	(2,906)
Discontinued operation		**–**	–
		90,705	(39,317)
Total comprehensive income/(expenses) for the year attributable to:			
Owners of the Company		**86,968**	(36,450)
Non-controlling interests		**(1)**	(2,906)
		86,967	(39,356)
Earnings/(loss) per share attributable to owners of the Company:			
Basic and diluted *(HK cents)*	*9*		
– From continuing operations		**6.49**	(1.80)
– From discontinued operation		**–**	(1.05)
		6.49	(2.85)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**5,980**	10,368
Intangible assets		**22,511**	–
Goodwill	*10*	**290,982**	35,998
Financial assets at fair value through profit or loss	*13*	**13,430**	3,080
Interest in an associate		**12**	8
Deposits	*12*	**1,703**	–
Deferred tax assets		**5,525**	–
		340,143	49,454
Current assets			
Inventories		**3,400**	–
Trade receivables	*11*	**109,793**	3,880
Prepayments, deposits and other receivables	*12*	**14,954**	26,079
Financial assets at fair value through profit or loss	*13*	**3,355**	460
Income tax receivables		**231**	–
Cash and cash equivalents		**171,175**	54,583
		302,908	85,002
Asset classified as held for sale	*21*	**–**	35,870
		302,908	120,872
Current liabilities			
Trade payables	*14*	**9,604**	–
Receipts in advance		**2,810**	17,330
Accruals, deposits received and other payables	*15*	**43,909**	8,432
Contingent consideration payables	*16*	**45,979**	–
Income tax payables		**11,845**	2,534
		114,147	28,296
Net current assets		**188,761**	92,576
Total assets less current liabilities		**528,904**	142,030

	Notes	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Contingent consideration payables	*16*	**136,442**	–
Corporate bond	*17*	**2,594**	–
		139,036	–
NET ASSETS		**389,868**	142,030
Capital and reserves			
Share capital	*19*	**2,908**	2,702
Reserves		**391,285**	143,652
Equity attributable to owners of the Company		**394,193**	146,354
Non-controlling interests		**(4,325)**	(4,324)
TOTAL EQUITY		**389,868**	142,030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of Cayman Islands 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 Suites 911-912, Level 9, One Pacific Place, 88 Queensway, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are organisation of exhibitions, events planning and related services, provision of brand management and related services, contracting services and entertainment equipment solution, provision of promotion and consulting services, and provision of loan and financing.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate. All values are rounded to the nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION

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

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.

Changes in presentation of the consolidated statement of profit or loss and other comprehensive income

In previous years, the Group presented an analysis of expenses recognised in consolidated statement of profit or loss and other comprehensive income using a classification based on their nature.

During the year, the Board has performed a review of the content and presentation of the consolidated financial statements to ensure compliance with relevant accounting standards as well as being comparable to those of the other market participants within the same industry. In view that the Group's operations is increasingly driven by those new businesses in cultural and entertainment industries during the year, the Board considered that it is appropriate to adopt an analysis of expenses recognised in consolidated statement of profit or loss and other comprehensive income using a classification based on their function which would be more relevant to the Group's circumstances and for the users of the Group's consolidated financial statements.

The changes in presentation have been adopted retrospectively, and certain figures have been restated. The changes in the presentation of the consolidated statement of profit or loss and other comprehensive income did not have any impact on the Group's profit/(loss) for the year or the calculation of the Group's earnings/(loss) per share.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKAS 7 (amendments)	Disclosure Initiative
HKAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Except as described below, the application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and amendments to HKFRSs issued but not yet effective

The following new and amendments to HKFRSs and Interpretations have been issued but are not yet effective and have not been early adopted by the Group in preparing these consolidated financial statements:

HKFRS 1 (amendments)	As part of the Annual Improvements HKFRSs 2014-2016 Cycle[1]
HKFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 9 (amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 (2011) (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HKAS 19 (amendments)	Plan Amendment, Curtailment or Settlement[2]
HKAS 28 (amendments)	Long-term Interests in Associates and Joint Ventures[2]
HKAS 28 (amendments)	As part of the Annual Improvements HKFRSs 2014-2016 Cycle[1]
HKAS 40 (amendments)	Transfer of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
HKFRSs (amendments)	Annual Improvement to HKFRSs 2015-2017 Cycle[2]

[1] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

[2] *Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.*

[3] *Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.*

[4] *Effective date to be determined.*

Except for the new and amendments to HKFRSs and Interpretations mentioned below, the directors of the Company anticipate that all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 are required 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 accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value 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 be 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs that are subject to the impairment provisions upon the application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, an immaterial amount of impairment loss will be recognised by the Group as at 1 July 2018, mainly attributable to expected credit losses provision on trade and other receivables. Such impairment loss recognised under expected credit loss model would reduce the opening retained profits at 1 July 2018.

Except for the expected credit loss model that may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost, the directors of the Company do not expect any other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model and financial instruments.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating lease payments are presented as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2018, the Group has operating lease commitments of approximately HK$34,716,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group is also considering the treatment of the refundable rental deposits paid of approximately HK$4,097,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

4. SEGMENT INFORMATION

Business segment

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

The operating and reportable segments are as follows:

Organisation of exhibitions, events planning and related services	Organising trade shows and exhibitions, events planning, provision of additional facilities, sub-contracting, management and ancillary services for trade shows, exhibitions and events
Financing	Provision of personal and corporate loans and money financing for clients in cultural and entertainment industries
Contracting services and entertainment equipment solution	Providing contracting services and entertainment equipment solution, supplying and installation of equipment and facilities used in cultural and entertainment industries
Brand management and related services	Holding the trademarks and provision of management services
Promotion and consulting services	Organising promotion events for leading alcoholic beverage suppliers; provision of consulting and marketing services to NOD Union members; and ad-hoc consultancy services for the clients in cultural and entertainment industries
Roadshows (discontinued operation)	Provision of roadshows

Segment revenue and results

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

For the year ended 30 June

	Continuing operations										Discontinued operation			
	Organisation of exhibitions, events planning and related services		Financing		Contracting services and entertainment equipment solution		Brand management and related services		Promotion and consulting services		Roadshows		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue														
Segment revenue	**105,848**	104,596	**1,123**	–	**83,264**	–	**48,286**	–	**37,741**	–	**–**	–	**276,262**	104,596
Inter-segment revenue	**–**	(1,658)	**–**	–	**–**	–	**(22,211)**	–	**–**	–	**–**	–	**(22,211)**	(1,658)
Revenue from external customers	**105,848**	102,938	**1,123**	–	**83,264**	–	**26,075**	–	**37,741**	–	**–**	–	**254,051**	102,938
Results														
Segment results	**40,979**	41,991	**724**	–	**16,914**	–	**17,249**	–	**21,381**	–	**–**	(13,043)	**97,247**	28,948
Net loss on financial assets at fair value through profit or loss													**(23,974)**	(2,909)
Net gain on change in fair value of contingent consideration payables													**43,433**	–
Unallocated income and other gains and losses													**27,580**	(11,806)
Unallocated administrative expenses													**(30,909)**	(47,886)
Finance costs													**(237)**	–
Profit/(loss) before tax													**113,140**	(33,653)
Income tax expenses													**(22,435)**	(5,664)
Profit/(loss) for the year													**90,705**	(39,317)

Segment assets and liabilities

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

At 30 June

	Continuing operations										Discontinued operation			
	Organisation of exhibitions, events planning and related services		Financing		Contracting services and entertainment equipment solution		Brand management and related services		Promotion and consulting services		Roadshows		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets														
Segment assets	**83,671**	50,614	**17,688**	–	**112,387**	–	**95,729**	–	**291,389**	–	**–**	35,870	**600,864**	86,484
Unallocated corporate assets													**42,187**	83,842
													643,051	170,326
Liabilities														
Segment liabilities	**14,183**	18,638	**140**	–	**15,550**	–	**4,968**	–	**30,916**	–	**–**	–	**65,757**	18,638
Unallocated corporate liabilities													**187,426**	9,658
													253,183	28,296

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

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

Other segment information

	Continuing operations										Discontinued operation					
	Organisation of exhibitions, events planning and related services		Financing		Contracting services and entertainment equipment solution		Brand management and related services		Promotion and consulting services		Roadshows		Unallocated		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment	**(99)**	–	**–**	–	**(3)**	–	**(38)**	–	**(331)**	–	**–**	–	**(2,854)**	(2,311)	**(3,325)**	(2,311)
Capital expenditures	**(36)**	–	**–**	–	**(22)**	–	**(1,684)**	–	**–**	–	**–**	–	**(48)**	(6,009)	**(1,790)**	(6,009)
Net (loss)/gain on financial assets at fair value through profit or loss	**(3,500)**	(210)	**–**	–	**–**	–	**(5,894)**	–	**(15,366)**	–	**–**	–	**786**	(2,699)	**(23,974)**	(2,909)
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**(7,388)**	–	**–**	–	**–**	(13,043)	**–**	–	**(7,388)**	(13,043)

Note: Capital expenditures included additions to property, plant and equipment and intangible assets, excluding additions by acquisition of subsidiaries.

Geographical segments

In determining the Group's geographical segments, revenue 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, certain assets and capital expenditure information for the Group's geographical segments, including Hong Kong and elsewhere in the People's Republic of China (the "**PRC**").

(i) Segment revenue:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	**27,910**	90,728
The PRC	**226,141**	12,210
	254,051	102,938

(ii) Segment assets:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	**70,532**	86,181
The PRC	**572,519**	48,275
	643,051	134,456
Discontinued operation:		
Hong Kong	**–**	35,870
	643,051	170,326

(iii) Capital expenditures:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	**84**	5,921
The PRC	**1,706**	88
	1,790	6,009

Information about major customers

There is a customer from organisation of exhibitions of the Group for 2018 (2017: Nil) whose transactions have exceeded 10% of the Group's revenue for the year ended 2018 which amounted to approximately HK$33,998,000 (2017: Nil).

5. REVENUE

Revenue represents income arising from the organisation of exhibitions, events planning and related services, provision of brand management and related services, provision of contracting services and entertainment equipment solution, provision of promotion and consulting services, and provision of loan and financing.

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

	2018	2017
	HK$'000	*HK$'000*
Organisation of exhibitions, events planning and related services income	**105,848**	102,938
Brand management and related services income	**26,075**	–
Contracting services and entertainment equipment solution income	**83,264**	–
Promotion and consulting services income	**37,741**	–
Loan interest income	**1,123**	–
	254,051	102,938

6. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

Profit/(loss) before tax from continuing operations has been arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Staff costs:		
Employee benefit expenses (including Directors' emoluments)		
– Salaries, allowance and other benefits	**11,882**	22,582
– Retirement benefit schemes contributions	**1,108**	534
– Equity-settled share-based payment expenses *(Note 22)*	**6,202**	–
	19,192	23,116
Other items:		
Depreciation of property, plant and equipment	**3,325**	2,311
Amortisation of intangible assets	**7,388**	13,043
Auditor's remuneration		
– Audit services	**1,600**	1,000
– Non-audit services	**866**	596
Net gain on change in fair value of contingent consideration payables *(Note 16)*	**(43,433)**	–
Operating lease rentals in respect of land and building	**8,012**	9,353
Net loss on financial assets at fair value through profit or loss:		
Proceeds on sales	**(30,068)**	(62,128)
Cost of sales	**29,282**	64,827
Net realised (gain)/loss on financial assets at fair value through profit or loss	**(786)**	2,699
Loss on fair value change of profit guarantee *(Note 13)*	**24,760**	210
Net loss on financial assets at fair value through profit or loss	**23,974**	2,909
Other gains and losses:		
Dividend income	**(160)**	–
Interest income	**(1,886)**	(1,323)
Exchange gains, net	**(1,065)**	–
(Reversal of)/impairment loss on other receivable	**(11,500)**	13,140
(Gain)/loss on disposal of property, plant and equipment	**(10)**	120
Write off of property, plant and equipment	**13**	1,655
Net gain on disposal of subsidiaries *(Note 21)*	**(14,180)**	–
Loss on deregistration of a subsidiary	**169**	–
	(28,619)	13,592

7. INCOME TAX EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong Profits Tax	**1,206**	4,045
– PRC Enterprise Income Tax	**20,741**	1,619
	21,947	5,664
Over-provision in prior years:		
– Hong Kong Profits Tax	**(79)**	–
Deferred tax:		
– Current year	**567**	–
Total	**22,435**	5,664

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits in Hong Kong for the years ended 30 June 2018 and 2017.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of certain subsidiaries of the Group in PRC is 25% for the years ended 30 June 2018 and 2017.

Pursuant to the EIT Law and its implementation rules, royalty receivable by non-PRC corporate residents from the PRC enterprises are subject to withholding tax at a rate 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

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 years ended 30 June 2018 and 2017.

8. DIVIDEND

The Board proposed a final dividend of HK1.0 cent per ordinary share for the year ended 30 June 2018 (2017: Nil). This proposed final dividend is not reflected as a dividend payable as of 30 June 2018, but will be recorded as a distribution of retained earnings for the year ending 30 June 2019.

9. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted earnings/(loss) per share from the continuing and discontinued operations are based on:

	2018	2017
	HK$'000	*HK$'000*
Profit/(loss) from continuing operations attributable to owners of the Company	**90,706**	(23,001)
Loss from discontinued operation attributable to owners of the Company	**–**	(13,410)
Profit/(loss) attributable to owners of the Company	**90,706**	(36,411)

	Number of ordinary shares	
	2018	2017
Weighted average number of ordinary shares used in calculation of basic earnings/(loss) per share	**1,397,250,000**	1,278,499,000
Adjustment for calculating of diluted earnings per share: Share options	**–**	–
Weighted average number of ordinary shares used in calculation of diluted earnings/(loss) per share	**1,397,250,000**	1,278,499,000

The calculation of basic and diluted earnings per share (2017: loss per share) is based on the profit from continuing operations attributable to owners of the Company for the year ended 30 June 2018 of approximately HK$90,706,000 (2017: loss from continuing operations of approximately HK$23,001,000 and loss from discontinued operation of approximately HK$13,410,000 attributable to owners of the Company), and on weighted average number of approximately 1,397,250,000 ordinary shares (2017: 1,278,499,000 ordinary shares) in issue during the year.

The calculation of diluted earnings per share for the year ended 30 June 2018 has not assumed the exercise of the Company's outstanding share options as the exercise prices of the share options are higher than the average market price of shares from the grant date to 30 June 2018. There was no dilutive potential ordinary shares in existence for the year ended 30 June 2017.

10. GOODWILL

	2018	2017
	HK$'000	*HK$'000*
Cost and carrying amounts		
At the beginning of the year	**35,998**	–
Arising from acquisition of subsidiaries *(Note 20)*	**254,984**	35,998
At the end of the year	**290,982**	35,998

Goodwill acquired in business combinations is allocated to four individual cash generating units ("**CGUs**") that is expected to benefit from that business combinations. The carrying amounts of goodwill are allocated according to the business segments as follows:

	2018	2017
	HK$'000	*HK$'000*
Organisation of exhibitions, events planning and related services ("**CGU I**")	**35,998**	35,998
Brand management and related services ("**CGU II**")	**46,004**	–
Promotion and consulting services ("**CGU III**")	**208,180**	–
Financing ("**CGU IV**")	**800**	–
	290,982	35,998

The Group tests goodwill impairment annually or more frequently if there are indications that goodwill might be impaired. During the year ended 30 June 2018, the Group determined that no impairment loss has been identified (2017: Nil).

The recoverable amount of CGU I, II and III have been determined based on value-in-use calculation by an independent professional valuer, Peak Vision Appraisals Limited ("**Peak Vision**"), while the recoverable amount of CGU IV has been determined by the directors of the Company. The calculation used cash flow projections based on the financial forecasts approved by the directors of the Company covering a three-year period. The discount rates applied to the cash flow projections are 15.46%-17.84% (2017: 18.64%). The growth rate used to extrapolate the cash flows beyond the three-year period is 3.00% (2017: 3.00%).

Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The terminal growth rate used is with reference to the long term average growth rates and expected market development. Management believes that any reasonably possible change in key assumptions would not cause the recoverable amount of CGUs to fall below its carrying amount.

Other assumptions for the value-in-use calculation related to the estimation of cash inflows/outflows which included budgeted revenue and profit margin. Such estimation is based on past performance, existing sales contracts and management expectations for the market development.

11. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**109,793**	3,880

The Group has a policy of allowing trade customers with credit terms of normally within 90 days except for contracting services and entertainment equipment solution which settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. The ageing analysis of trade receivables based on dates when services are rendered/invoice dates is as follows:

	2018	2017
	HK$'000	*HK$'000*
0-30 days	**38,644**	3,880
31-60 days	**19,785**	–
61-90 days	**24,144**	–
91-180 days	**27,220**	–
	109,793	3,880

As at 30 June 2018, no impairment loss on trade receivables was recognised, trade receivables of approximately HK$486,000 (2017: Nil) were past due but not impaired. These related to debtors with no recent history of default and the past due amount has been subsequently settled. The ageing analysis of the trade receivables which are past due but not yet impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
0-30 days	**356**	–
31-60 days	**23**	–
61-90 days	**107**	–
	486	–

The directors of the Company consider that the carrying amount of trade receivables approximates their fair value.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Current assets		
Prepayments	**11,395**	7,405
Deposits	**2,518**	1,848
Other receivables	**1,041**	16,826
	14,954	26,079
Non-current asset		
Rental deposits	**1,703**	–
Total	**16,657**	26,079

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Profit guarantee:		
– Sparkle Mass Group	**40**	3,540
– Fortune Selection Group	**330**	–
– Cheer Sino Group	**16,415**	–
	16,785	3,540

Details of profit guarantee are as follows:

Profit guarantee	**Sparkle Mass Group**	**Fortune Selection Group**	**Cheer Sino Group**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2016	–	–	–	–
Arising from acquisition of a subsidiary	3,750	–	–	3,750
Loss on fair value change *(Note 6)*	(210)	–	–	(210)
At 30 June 2017 and 1 July 2017	3,540	–	–	3,540
Arising from acquisition of subsidiaries *(Note 20)*	–	6,224	31,781	38,005
Loss on fair value change *(Note 6)*	(3,500)	(5,894)	(15,366)	(24,760)
At 30 June 2018	**40**	**330**	**16,415**	**16,785**

Analysed for reporting purposes as:

	2018				2017
	Sparkle Mass Group	Fortune Selection Group	Cheer Sino Group	Total	Sparkle Mass Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	–	112	3,243	3,355	460
Non-current assets	40	218	13,172	13,430	3,080
	40	330	16,415	16,785	3,540

During the year ended 30 June 2017, the Group acquired 100% equity interest in Sparkle Mass Limited and its subsidiaries (the "**Sparkle Mass Group**").

During the year ended 30 June 2018, the Group acquired 100% equity interest in Fortune Selection Limited and its subsidiaries (the "**Fortune Selection Group**"), Cheer Sino Investment Holdings Limited and its subsidiaries (the "**Cheer Sino Group**"), details of which are set out in Note 20.

Pursuant to the acquisition agreements, the vendors warranted and guaranteed ("**Profit Guarantee**") to the Group that the net profit for the relevant periods ("**Relevant Periods**") will not be less than the following amounts ("**Guaranteed Profits**"):

Relevant Periods	**Sparkle Mass Group**	**Fortune Selection Group**
	HK$'000	*HK$'000*
First Relevant Period (1 January 2017 to 31 December 2017)	13,000	10,000
Second Relevant Period (1 January 2018 to 31 December 2018)	14,000	11,000
Third Relevant Period (1 January 2019 to 31 December 2019)	15,000	12,000

Relevant Periods	**Cheer Sino Group**
	HK$'000
For the year ending 31 December 2018	27,000
For the two years ending 31 December 2019	73,000
For the three years ending 31 December 2020	133,000

As at 30 June 2018, the aggregate fair value of these Profit Guarantee was approximately HK$16,785,000 (2017: approximately HK$3,540,000), resulting in a loss on fair value change of approximately HK$24,760,000 (2017: approximately HK$210,000).

The fair value of these Profit Guarantee was determined by the directors of the Company with reference to the valuations carried out by Peak Vision at the completion date of acquisition and at year-end dates on 30 June 2018 and 30 June 2017 respectively.

14. TRADE PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**9,604**	–

The following is an ageing analysis of trade payables presented on the basis of the dates of the invoices:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**9,604**	–

The average credit period ranged from 0-30 days.

The directors of the Company consider that the trade payables approximates their fair values.

15. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Accruals	**9,792**	4,642
Deposits received	**1,955**	1,151
Other payables	**8,663**	2,639
Deferred revenue	**23,499**	–
	43,909	8,432

16. CONTINGENT CONSIDERATION PAYABLES

	Fortune Selection Group	**Cheer Sino Group**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
	(Note a)	*(Note b)*	
At 1 July 2017	–	–	–
Arising from acquisition of subsidiaries, at fair value	40,974	198,538	239,512
Reclassified to convertible bonds and convertible bonds reserve *(Note 18)*			
– liabilities portion	(6,186)	–	(6,186)
– equity portion	(7,472)	–	(7,472)
Loss/(gain) on change in fair value *(Note 6)*	3,126	(46,559)	(43,433)
At 30 June 2018	30,442	151,979	182,421

Analysed for reporting purposes as:

	2018	2017
	HK$'000	*HK$'000*
Current liabilities	**45,979**	–
Non-current liabilities	**136,442**	–
Total	**182,421**	–

Notes:

(a) The initial consideration is principal amount of HK$48,024,000 (subject to adjustments) of convertible bonds in accordance with the sale and purchase agreement for the acquisition of Fortune Selection Group. The consideration is revaluated to fair value of HK$81,430,000 at acquisition date, details of acquisition is set out in Note 20.

The first convertible bond ("**CB I**") with principal amount of HK$24,012,000 was issued to vendor at completion date of acquisition and the second convertible bond ("**CB II**") with principal amount of HK$8,004,000 was issued to vendor as Guaranteed Profits for the First Relevant Period has been met, details of the convertible bonds are set out in Note 18. The remaining convertible bonds, including the third convertible bond ("**CB III**") and the fourth convertible bond ("**CB IV**"), with principal amount of HK$8,004,000 each, will be issued upon fulfilment of the agreed Guaranteed Profits in the Second and Third Relevant Periods respectively.

(b) The initial considerations are HK$100,000,000 in cash upon completion and principal amount of HK$168,000,000 (subject to adjustments) of convertible notes in accordance with the sale and purchase agreement for the acquisition of Cheer Sino Group. The consideration is revalued to a fair value of approximately HK$298,538,000 at completion date of acquisition, of which three convertible notes with aggregate amount of approximately HK$198,538,000 will be payable upon fulfilment of the agreed Guaranteed Profits in the Relevant Periods, details of the acquisition is set out in Note 20.

The fair value of the contingent consideration payables were determined by the directors of the Company with reference to the valuations at the respective completion dates carried out by Peak Vision.

17. CORPORATE BOND

The Group issued a corporate bond with principal amount of HK$3,000,000, carrying interest at the rate of 6.25% per annum payable annually for a term of 4 years, which will be due on 11 June 2022. The effective interest rate is 10.21% per annum.

On initial recognition and subsequent measurements, the directors of the Company consider that the principal amount of corporate bond approximate to its fair value.

The Company has the right to redeem the outstanding principal amount at agreed time before the optional redemption date, which are 11 June 2019, 11 June 2020 and 11 June 2021 with at least 7 clear business days written notice (the "**Redemption Right**") , but the bondholder has no right to require the Company to redeem the corporate bond. The Redemption Right is not recognised in the consolidated financial statements since the directors of the Company consider that the probability of exercise of the Redemption Right is remote. The directors of the Company have considered the fair value of the Redemption Right at initial recognition is insignificant. Accordingly, the fair value was not accounted for in the consolidated financial statements as at 30 June 2018.

18. CONVERTIBLE BONDS

The carrying amounts of convertible bonds recognised at the end of the reporting period were calculated as follows:

	CB I	CB II	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Note a)	*(Note b)*	
Equity component			
At 1 July 2017	–	–	–
Arising from acquisition of a subsidiary	21,897	–	21,897
Reclassified from contingent consideration payables *(Note 16)*	–	7,472	7,472
Conversion of convertible bonds	(21,897)	(7,472)	(29,369)
At 30 June 2018	–	–	–
Liability component			
At 1 July 2017	–	–	–
Arising from acquisition of a subsidiary	18,559	–	18,559
Reclassified from contingent consideration payables *(Note 16)*	–	6,186	6,186
Effective interest expenses	70	150	220
Conversion of convertible bonds	(18,629)	(6,336)	(24,965)
At 30 June 2018	–	–	–

Notes:

(a) CB I has been granted to the vendor upon the completion of the acquisition of Fortune Selection Group.

(b) The Guaranteed Profits for the First Relevant Period of Fortune Selection Group has been fulfilled. CB II has been reclassified from contingent consideration payables on 29 March 2018.

The convertible bonds contain two components, liability and equity components. The equity component represents the value of the conversion option, which is credited directly to equity as convertible bonds reserve of the Company and the Group. The liability component of the convertible bonds is carried as a non-current liability on amortised cost basis until extinguished on conversion or redemption. The effective interest rate of the liability component of CB I and CB II are 9.66% and 13.16% per annum respectively.

19. SHARE CAPITAL

	Par value	Number of ordinary shares	Nominal value of ordinary shares
	HK$		*HK$'000*
Authorised:			
At 1 July 2016, 30 June 2017, 1 July 2017 and 30 June 2018	**0.002**	**5,000,000,000**	**10,000**
Issued and fully paid:			
At 1 July 2016	0.002	1,200,000,000	2,400
Placing of shares *(Note a)*	0.002	150,800,000	302
At 30 June 2017 and 1 July 2017	0.002	1,350,800,000	2,702
Conversion of convertible bonds *(Note b)*	0.002	34,800,000	69
Placing of shares *(Note c)*	0.002	68,600,000	137
At 30 June 2018	**0.002**	**1,454,200,000**	**2,908**

Notes:

(a) On 23 December 2016, 150,800,000 ordinary shares at HK$0.63 per placing share were issued under the general mandate.

(b) On 27 July 2017, convertible bonds with principal amount of HK$24,012,000 were converted into 26,100,000 ordinary shares at a conversion price of HK$0.92 per ordinary share. The shares were allotted and issued to the vendor of Fortune Selection Group.

On 6 June 2018, convertible bonds with principal amount of HK$8,004,000 were converted into 8,700,000 ordinary shares at a conversion price of HK$0.92 per ordinary share. The ordinary shares were allotted and issued to the vendor upon the fulfilment of profit guarantee relating to the acquisition of the entire equity interests of Fortune Selection Group.

(c) On 24 November 2017, the Company and the placing agent entered into a placing agreement, pursuant to which the placing agent agreed to procure not less than six placees to purchase up to 68,600,000 shares at placing price of HK$1.5 per share (the "**Placing**"). The Placing was approved by the shareholders at the extraordinary general meeting of the Company held on 19 January 2018 and a total of 68,600,000 ordinary shares were issued under the specific mandate on 8 March 2018. The premium on the issue of shares, amounting to approximately HK$100,190,000, net of share issue expenses, was credited to the Company's share premium account.

20. ACQUISITION OF SUBSIDIARIES

I. Acquisition of Fortune Selection Group

On 13 July 2017, the Group completed the acquisition of 100% equity interest of Fortune Selection Group through its wholly-owned subsidiary, Super Team Developments Limited, at a consideration of approximately HK$48,024,000, which is satisfied by the Company by way of issue of convertible bonds at zero coupon interest rate.

Included in the acquisition of Fortune Selection Group, there was a profit guarantee pursuant to which the vendor guaranteed to the Group that the audited net profit after tax of Fortune Selection Group for the Relevant Periods mentioned in Note 13. If the net profit for each Relevant Period is less than the Guaranteed Profits for the Relevant Periods or there is a net loss in the Relevant Periods, the Group is entitled to deduct from CB III or CB IV an amount equal to the adjustment as defined in the sale and purchase agreement at the Second and Third Relevant Period.

The fair value of the consideration and profit guarantee were approximately HK$81,430,000 and HK$6,224,000 respectively. The amount of goodwill arising as a result of the acquisition was approximately HK$46,004,000.

Fortune Selection Group is principally engaged in provision of brand management and related services.

II. Acquisition of i-Lend Finance Limited

On 24 October 2017, the Group completed the acquisition of 100% equity interest of i-Lend Finance Limited, through its wholly-owned subsidiary, Best Trained Limited, at a cash consideration of approximately HK$835,000. The amount of goodwill arising as a result of the acquisition was approximately HK$800,000.

i-Lend Finance Limited is principally engaged in provision of loan and financing.

III. Acquisition of Cheer Sino Group

On 8 March 2018, the Company completed the acquisition of 100% equity interest of Cheer Sino Group, at the consideration of HK$268,000,000, of which HK$168,000,000 shall be settled by the issue of convertible notes and HK$100,000,000 was settled in cash.

Included in the acquisition of Cheer Sino Group, there was a profit guarantee pursuant to which the vendor guaranteed to the Group the audited net profit after tax of Cheer Sino Group for the Relevant Periods mentioned in Note 13. If the aggregate net profit for the Relevant Periods is less than the Guaranteed Profits or there is a net loss in the Relevant Periods, the Group is entitled to deduct from the convertible notes an amount equal to the adjustment as defined in the agreement and/or reimbursement and compensation by the vendor to the Group in cash.

The fair value of consideration and Profit Guarantee was approximately HK$298,538,000 and HK$31,781,000 respectively. The amount of goodwill arising as a result of the acquisition was approximately HK$208,180,000.

Cheer Sino Group is principally engaged in provision of promotion and consulting services.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fortune Selection Group	i-Lend Finance Limited	Cheer Sino Group	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	80	–	1,006	1,086
Intangible assets	27,324	–	–	27,324
Deposits	122	–	191	313
Deferred tax assets	–	–	6,333	6,333
	27,526	–	7,530	35,056
Current assets				
Trade receivables	696	–	11,802	12,498
Prepayments, deposit and other receivables	866	3	1,492	2,361
Cash and cash equivalents	13,183	32	70,099	83,314
	14,745	35	83,393	98,173
Total assets	42,271	35	90,923	133,229
Current liabilities				
Trade payables	–	–	(5,792)	(5,792)
Receipts in advance	(10,552)	–	–	(10,552)
Accruals and other payables	(2,220)	–	(24,093)	(26,313)
Income tax payables	(297)	–	(2,461)	(2,758)
Total liabilities	(13,069)	–	(32,346)	(45,415)
Net assets acquired	29,202	35	58,577	87,814

Goodwill arising from acquisition

	Fortune Selection Group	i-Lend Finance Limited	Cheer Sino Group	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consideration paid and payable:				
– Cash paid during the year	–	835	100,000	100,835
– Convertible bonds *(Note a)*	54,114	–	–	54,114
– Contingent consideration payables	27,316	–	198,538	225,854
Total consideration paid and payable	81,430	835	298,538	380,803
Less: Fair value of Profit Guarantee at completion date of acquisition *(Note 13)*	(6,224)	–	(31,781)	(38,005)
Total consideration less fair value of Profit Guarantee	75,206	835	266,757	342,798
Less: Net assets acquired	(29,202)	(35)	(58,577)	(87,814)
Goodwill arising from acquisition of subsidiaries *(Note 10)*	46,004	800	208,180	254,984

Note:

(a) 34,800,000 ordinary shares of the Company were issued to the vendor for the acquisition of Fortune Selection Group after the vendor exercised CB I and CB II.

Goodwill arising from acquisition of subsidiaries represented the excess of the fair value of the consideration paid by the Group and Profit Guarantee over the fair value of net tangible assets acquired.

None of the goodwill arising from acquisition of subsidiaries is expected to be deductible for tax purpose.

Analysis of the cash flows in respect of the acquisition is as follows:

	Fortune Selection Group	i-Lend Finance Limited	Cheer Sino Group	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash consideration paid	–	835	100,000	100,835
Less: Cash and cash equivalents acquired of	(13,183)	(32)	(70,099)	(83,314)
Net cash (inflow)/outflow in respect of the acquisition of subsidiaries	(13,183)	803	29,901	17,521

21. DISPOSAL OF SUBSIDIARIES

On 10 July 2017, a wholly-owned subsidiary of the Company disposed of its entire 100% equity interest in Up Huge Corporation Limited ("**Up Huge**") which owns the sub-licensed rights of "Ultraman", an intangible asset of the Group. The results of Up Huge, which was under the business segment of roadshows, was presented as discontinued operation for the year ended 30 June 2017, and the intangible asset was classified as asset held for sale in the consolidated statement of financial position as at 30 June 2017. The principal activity of Up Huge is provision of roadshows.

On 19 June 2018, a wholly-owned subsidiary of the Company disposed of its entire 100% equity interest in Top Force (Hong Kong) Limited ("**Top Force**"). The principal activity of Top Force is investment holding.

On 26 June 2018, a wholly-owned subsidiary of the Company disposed of its entire 100% equity interest in Broaden Delight Limited ("**Broaden Delight**"). The principal activity of Broaden Delight is investment holding.

On 28 June 2018, a wholly-owned subsidiary of the Company disposed of its entire 100% equity interest of nine inactive subsidiaries.

Summary of the effects of the disposal of subsidiaries are as follows:

Analysis of assets and liabilities over which control was lost

	Up Huge	Top Force	Broaden Delight	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Property, plant and equipment	–	1,122	620	–	1,742
Intangible assets	35,870	–	–	–	35,870
Cash and cash equivalents	–	1	–	265	266
	35,870	1,123	620	265	37,878
Liabilities					
Accruals and other payables	–	–	–	(57)	(57)
Tax payables	–	–	–	(21)	(21)
	–	–	–	(78)	(78)
Net assets disposed of	(35,870)	(1,123)	(620)	(187)	(37,800)
Release of other reverse upon disposal of subsidiaries	–	–	–	(8)	(8)
Consideration	50,000	1,150	650	188	51,988
Gain/(loss) on disposal of subsidiaries *(Note 6)*	14,130	27	30	(7)	14,180

	Up Huge	Top Force	Broaden Delight	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash consideration received	50,000	1,150	650	188	51,988
Less: Cash and cash equivalents disposed of	–	(1)	–	(265)	(266)
Net cash inflow/(outflow) from disposal of subsidiaries	50,000	1,149	650	(77)	51,722

22. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme ("**Share Option Scheme**") by a resolution in writing passed by the shareholders on 18 October 2013, for the purpose of attracting, retaining and rewarding eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group.

Details of movements of the share options granted under the Share Option Scheme for the year ended 30 June 2018 are as follows:

Category of participants	Date of grant	Exercise price per share *HK$*	Exercise period	Outstanding at 1 July 2017 *'000*	Granted during the year *'000*	Exercised *'000*	Cancelled/ Lapsed *'000*	Outstanding at 30 June 2018 *'000*
Executive directors								
Deng Zhonglin	1 June 2018	1.89	31 December 2018 to 31 May 2028	–	12,000	–	–	12,000
Xu Feng *(Note a)*	1 June 2018	1.89	31 December 2018 to 31 May 2028	–	9,680	–	–	9,680
				–	21,680	–	–	21,680
Employees	1 June 2018	1.89	31 December 2018 to 31 May 2028	–	78,320	–	–	78,320
				–	100,000	–	–	100,000

Note a: Mr. Xu Feng has been appointed as executive director and the chief executive officer of the Company on 21 June 2018.

Note b: The vesting of the options is conditional upon the fulfilment of certain performance targets relating to the Group. All the share options granted under the Share Option Scheme are subject to the following vesting period: 25% of the share options are exercisable from 31 December 2018 to 31 May 2028, 25% of the share options are exercisable from 30 June 2019 to 31 May 2028, 25% of the share options are exercisable from 31 December 2019 to 31 May 2028 and 25% of the share options are exercisable from 30 June 2020 to 31 May 2028.

During the year ended 30 June 2018, the Group recognised equity-settled share-based payment expenses of approximately HK$6,202,000 (2017: Nil) in relation to share options granted by the Company to the directors and employees of the Group.

23. EVENTS AFTER THE REPORTING PERIOD

(i) On 5 July 2018, an indirect wholly-owned subsidiary of the Company completed the acquisition transaction of 100% equity interest of CIS Industrial Co., Limited and its subsidiary (collectively referred as "**CIS Industrial Group**") at a consideration of HK$330,000, which was satisfied by cash.

(ii) On 6 August 2018, the Group entered into placing agreement with placing agent for the issue of a maximum of HK$100,000,000 6.75% corporate bonds on a best effort basis. Reference is made to the announcement of the Company dated 6 August 2018 in relation to the placing of corporate bonds of the Company.

Subsequent to the reporting period, the Company has entered into the following agreements:

– On 14 August 2018, corporate bond I with principal amount of HK$1,000,000 was issued to a subscriber through a placing agent with the interest rate of 6.25% per annum payable semi-annually for a term of 4 years;

– On 21 August 2018, corporate bond II with principal amount of HK$2,000,000 was issued to a subscriber through a placing agent with the interest rate of 6.25% per annum payable semi-annually for a term of 3 years; and

– On 12 September 2018, corporate bond III with principal amount of HK$2,000,000 was issued to a subscriber through a placing agent with the interest rate of 6.00% per annum payable semi-annually for a term of 2 years.

Corporate bonds I, II and III are guaranteed by Mr. Deng Zhonglin, an executive director and chairman of the Company.

24. COMPARATIVE FIGURES

Certain comparative figures for the year ended 30 June 2017 have been reclassified to conform to the current year's presentation.

CHAIRMAN’S STATEMENT

BUSINESS PROSPECTS AND OUTLOOK

The PRC is gradually catching up with rich economies and moving towards becoming a high-income economy. According to McKinsey & Co, by 2020 more than three-quarters of China’s urban consumers will earn RMB60,000 to RMB229,000 per year. That translates into nearly 400 million people who will be considered to fall into the middle-class category. The contribution of consumption expenditure to economic growth would keep surging and the impact on Chinese consumers from a trade war would not alter this trend fundamentally. Consumption will continue to contribute as one of the primary drivers of economic growth and the increasing volume and quality of consumption will create new demand for culture and other entertainment needs.

The cultural and entertainment industries potentially offer numerous advantages in the present stage of Chinese economic transformation. These advantages include urban renewal, facilitation of domestic consumption, and provision of local tax revenues. The Group believes that cultural and entertainment industries that potentially offers all these advantages, a strong generator of local taxes, a provider of jobs and a cultural clustering point that facilitates tourism.

To expand the Group’s income source and explore any synergistic development opportunities that may help capitalise on the growing consumption capacities in the PRC, the Group extended its business operations into cultural and entertainment industries to provide comprehensive entertainment services and solutions. In March 2018, the Group has successfully acquired a limited liability company established in the PRC with its membership platform known as “NOD Union” (transliterated as “諾笛聯盟”) that provides comprehensive business consulting, membership services and event planning services to members of clubs, bars, lounges and alcoholic beverage suppliers in the entertainment industry.

NOD Union has the ambition to streamline the supply chain operations in the entertainment industry by cutting out of the middlemen. Since 2016, NOD Union has engaged in organising promotion events for two leading multinational alcoholic beverage suppliers, which possess certain finest and luxurious brands of wine, whisky and champagne across the globe. On the other hand, by joining the NOD Union membership, members may enjoy different combination of privileges and services include ad-hoc consultancy services and comprehensive up-to-date market information of alcoholic beverage, artist agency, venue design, equipment supply via the platform of NOD Union. NOD Union may help members to pinpoint where problems are occurring along their operation processes and thereby providing value added business solutions, included but not limited to all kind of event planning to tackle their operation needs. During the year, we recorded a sound performance from membership subscription income, provision of operation consultancy services and income from promotional events organised for and on behalf of these multinational alcoholic beverage suppliers.

The Group believes that one of the keys to success in the entertainment industry is linked to the notability of brands, the brands who enjoy the highest brand awareness, brand loyalty and market penetration will survive among the intense competition. More bars and restaurants were interested in becoming our brands' licensees and we therefore recorded a soaring revenue from our licensing and brand management services. To build a stronger brand portfolio, the Group will continue to fine-tune our brand portfolio by bringing new brands, renovating our existing brands and strive to develop and promote our brands that can offer premium and high-end clubbing and entertainment experience in the PRC.

Aiming to enhance the quality and expand the scope of our services in exhibition and entertainment industries, the Group has embarked its own contracting and entertainment equipment solution services in the PRC. Comprehensive event contracting and supplying services including booth design, equipment procurement and installation are provided to our customers. Overall, this segment is off to a good start in the reporting year: we are not only to build sustainable relationship with our customers, we are also able to bring out the synergy from this segment to supplement the growth of our brand management and exhibition business.

In July 2018, the Group has acquired a finance leasing company that may conduct the finance leasing business in the PRC. Such finance leasing company may carry out business by means such as direct leasing, sub-leasing and sale-leaseback. By providing a source of funding for players in the cultural and entertainment industries, we believe a full ecosystem consists of inventory sourcing, operational consulting, marketing, brand licensing, contracting and equipment financing is built to serve our customers comprehensively. Capitalising on the comparative advantages offered on this unique ecosystem, the Group is optimistic about its future business development in the cultural and entertainment industries in the PRC.

Apart from our development in cultural and entertainment industries, we recorded a satisfactory result from our exhibition segment during the year. The Group has completed a number of medium-sized event planning projects in the PRC. Overall, the Group considers the prospects of the PRC exhibition market is promising. On the other hand, to relieve the Group's exhibition income in Hong Kong which overly relies on one exhibition event, other events and exhibitions were organised to diversify during the year. In addition to our traditional Mega Show Series, we delivered a number of public events in Hong Kong, including the Beyond 35th anniversary exhibition show (an influential band in Hong Kong); the football master invitational tournament (football matches between legend football players from Manchester United, Arsenal football club and the Hong Kong League football players); and the "Back to Faith" concert of Ms. Naiwen Yang, a Taiwanese musician. Looking forward, we will continue to diversify our income stream and enhance our earning profile through exploring investment opportunities in the PRC which help capitalising on any growth opportunities and thereon enhance our shareholders' value.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

During the year, the Group achieved satisfactory results from key business segments and our expansion strategy in China recorded promising growth. For the year ended 30 June 2018, the Group recorded a total revenue of approximately Hong Kong dollars ("**HK$**") 254,051,000 (year ended 30 June 2017: approximately HK$102,938,000), representing an increase of approximately 146.8% or HK$151,113,000.

For the year ended 30 June 2018, income before tax from continuing operations was approximately HK$113,140,000 (year ended 30 June 2017: loss before tax from continuing operations of approximately HK$20,243,000), representing an increase of approximately 658.9% or HK$133,383,000, apart from contributions from key business segments (details of which can be referred to the section headed "Business Segment Review" below), the improvement was primarily due to the effect of (i) an one off disposal gain of a subsidiary of the Company of approximately HK$14,130,000; (ii) a reversal of an impairment loss on other receivables of approximately HK$11,500,000; and (iii) reduced expenses as a result of a tighter cost control strategy.

BUSINESS SEGMENT REVIEW

Operation of Exhibition Business, Events Planning and Related Services

During the year, we delivered services in more than 130 exhibition events to our customers in the PRC. The major events we organised like the product launch events, sales promotion events, music awards ceremony and art exhibitions were successful and received the general recognition from the market. Looking forward, the Group will continue to develop its project management team, sharpen its expertise as an event service provider and build its reputation within the industry.

Traditionally, Mega Show Series was marshaled to be the Group's flagship consumer expo in Asia, with intense competition from comparable events and decreasing participants, the Group showed its mettle to get out of the status quo. Apart from tapping into the exhibition market in the PRC last year, the Group broadened its services to organise events in Hong Kong, we delivered the Beyond 35th anniversary exhibition show, the football master invitational tournament, and the "Back to Faith" concert of Ms. Naiwen Yang. As a result of our effort, revenue from this segment recorded approximately HK$105,848,000 (2017: approximately HK$102,938,000), represented an increase of approximate 2.8% as compared to the corresponding period last year.

During the year under review, revenue in the exhibition business, events planning and related services segment accounted for approximately 41.7% (2017: 100%) of the Group's total revenue. Profit in this segment was approximately HK$40,979,000 (2017: approximately HK$41,991,000).

Operation of Contracting Services and Entertainment Equipment Solution

In response to the phenomenon in exhibition and entertainment industries where the overwhelming contracting suppliers were unable to deliver customised contracting services to meet the customers' demand, the Group has commenced during the year its own one-stop contracting and entertainment equipment solution services. Capitalising on the client network from the other business segments, the Group has successfully provided interactive light and sound art installation projects for the players in the cultural and entertainment industries and a satisfactory performance was recorded.

During the year under review, revenue in the contracting services and entertainment equipment solution segment accounted for approximately HK$83,264,000 (2017: Nil) or 32.8% (2017: 0%) of the Group's total revenue. Profit in this segment was approximately HK$16,914,000 (2017: Nil).

Operation of Brand Management and Brand Management Related Downstream Businesses

The Group has acquired a brand management and related service group, namely Fortune Selection Limited and its subsidiaries (the "**Fortune Selection Group**") on 13 July 2017 (Details can be referred to the section headed "Material Acquisition and Disposal" below). The Fortune Selection Group has its portfolio of brands under the name of "PHEBE", "MT", "DrOscar" and "U.CLUB" in various cities in the PRC, including Shanghai, Suzhou, Yixing, Hefei, Nantong, Beihai etc. The acquisition of the Fortune Selection Group has enabled the Group to secure a list of licensees operating under the acquired brands, which allows the Group to gain sharing of income from licensing, brand management and provision of management services during the year. In addition to earning licensing income, the brand management segment also delivers management advisory services in entertainment industry, such as visual identity system on store front signboard and brand training to bars and restaurants.

During the year under review, revenue in the brand management and brand management related downstream businesses segment accounted for approximately HK$26,075,000 (2017: Nil) or 10.3% (2017: 0%) of the Group's total revenue. Profit in this segment was approximately HK$17,249,000 (2017: Nil).

Financing Business

The Group has acquired a Hong Kong company holding a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in October 2017. Immediately after the acquisition, two loans were lent out to independent third parties. As at 30 June 2018, the loans lent out were fully repaid and there were no outstanding loans as at 30 June 2018.

In July 2018, the Group has acquired a finance leasing company that may conduct the finance leasing business in the PRC. The acquisition was a strategic step of the Group in introducing financing services to our existing customers and potentially, the players in the cultural and entertainment industries. We believe the finance leasing business, in collaboration with contracting and other advisory services we deliver, has built a unique ecosystem in provision of comprehensive services to players in the cultural and entertainment industries.

During the year under review, revenue in financing business segment was mainly derived from the money lending business in Hong Kong, it accounted for approximately HK$1,123,000 (2017: Nil) or 0.4% (2017: 0%) of the Group's total revenue. Profit in this segment was approximately HK$724,000 (2017: Nil).

Operation of Promotion and Consulting Services

The Group has acquired an event planning, consulting and marketing group based in Shanghai, namely Cheer Sino Investment Holdings Limited and its subsidiaries (the "**Cheer Sino Group**") on 8 March 2018 (Details can be referred to the section headed "Material Acquisition and Disposal" below). The Cheer Sino Group operates under the name of NOD Union and is mainly engaged in organising promotion events for leading alcoholic beverage suppliers; provision of consulting and membership services to clubs, bars, lounges and other entertainment industry-related downstream suppliers which joined NOD Union; and ad-hoc consultancy services for the clients in the entertainment industry.

During the year under review, revenue in the promotion and consulting services segment accounted for approximately HK$37,741,000 (2017: Nil) or 14.8% (2017: 0%) of the Group's total revenue. Profit in this segment was approximately HK$21,381,000 (2017: Nil).

Material Acquisition and Disposal

On 7 April 2017, Super Team Developments Limited ("**Super Team**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Vendor, an individual and an independent third party not connected with the Company and its connected person as at the date of entering into the sale and purchase agreement. Pursuant to the sale and purchase agreement, Super Team agreed to purchase the entire equity interest of Fortune Selection Group from vendor at a consideration of HK$48,024,000, which shall be satisfied by the issuance of four tranches of convertible bonds (the "**CB(s)**") of the Company (the "**Fortune Selection Acquisition**"). The CBs in the aggregate principal amount of HK$48,024,000 will be convertible into a maximum of 52,200,000 new ordinary shares (the "**CB Conversion Share(s)**") based on the initial conversion price of HK$0.92 (the "**CB Conversion Price**") per CB Conversion Share. The Fortune Selection Acquisition was completed on 13 July 2017 and the first CB with principal amount of HK$24,012,000 was released to vendor at completion. Pursuant to the sale and purchase agreement, vendor guarantees to Super Team that the net profit of Fortune Selection Group in its consolidated audited financial statements for each of the financial year ended 31 December 2017, 31 December 2018 and 31 December 2019 shall not be less than HK$10 million, HK$11 million and HK$12 million respectively. If there is a shortfall on the net profit of Fortune Selection Group in each of the above period, there will be an adjustment on the amount of remaining CBs to be issued to vendor. As presented in the consolidated audited financial statements of Fortune Selection Group for the year ended 31 December 2017, the net profit has exceeded the guaranteed amount of HK$10 million and hence the second CB with principal amount of HK$8,004,000 was issued. On 27 July 2017 and 6 June 2018, a total number of 26,100,000 and 8,700,000 CB Conversion Shares have been allotted and issued to vendor at the CB Conversion Price for the exercise of the conversion rights attached to the first and second CB. As at 30 June 2018, the Group had no other CBs issued to vendor save as the remaining third and fourth tranche of CB to be delivered if, the guaranteed net profit of the Fortune Selection Group for the financial year ending 31 December 2018 and 31 December 2019 has been met, details of which can be referred to the announcements of the Company dated 7 April 2017, 12 July 2017, 27 July 2017, 29 March 2018 and 6 June 2018.

On 28 June 2017, Integral Wealth Limited ("**Integral Wealth**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ever Genesis Limited ("**Ever Genesis**"), an entity wholly-owned by an individual and an independent third party not connected with the Company and its connected person as at the date of entering into the sale and purchase agreement. Pursuant to the sale and purchase agreement, Integral Wealth agreed to sell the entire equity interest of Up Huge Corporation Limited ("**Up Huge**") to Ever Genesis at a consideration of HK$50 million cash (the "**Up Huge Disposal**"). Up Huge was an investment vehicle of the Company holding an exclusive, non-transferable sub-license to use the "Ultraman" all intellectual properties from television programs and movies produced from 1996 to 2016 ("**Sub-Licensed Rights**") at roadshows, events and exhibitions in Hong Kong, Macau and Taiwan. Immediately after the completion of Up Huge Disposal on 10 July 2017, Up Huge is no longer a subsidiary of the Company, details of which can be referred to the announcement of the Company dated 28 June 2017 in relation to the Up Huge Disposal.

On 31 October 2017, Greatest Best Limited ("**Greatest Best**"), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the "**MOU**") with Great Honour Capital Limited ("**Great Honour**"), an independent third party not connected with the Company and its connected persons as at the date of entering into the MOU. Pursuant to the MOU, Great Honour intended to set up and manage a private equity fund (the "**PE Fund**") and Greatest Best intended to subscribe for interest in the PE Fund once it is set up and its interest being offered (the "**PE Subscription**"). A refundable earnest money of HK$30 million was deposited into an escrow account in accordance with the terms of the MOU. On 30 April 2018, as no legally binding document in relation to the PE Subscription has been entered, the MOU lapsed accordingly and the earnest money of HK$30 million was refunded, details of which can be referred to the announcements of the Company dated 31 October 2017 and 2 May 2018.

On 24 November 2017, the Company and a vendor entered into a sale and purchase agreement, pursuant to which the Company has agreed to acquire and the vendor has agreed to sell, subject to certain conditions precedent as stated in the sale and purchase agreement, the entire issued share capital of the Cheer Sino Group at the consideration of HK$268 million (the "**Cheer Sino Acquisition**"), of which HK$168 million shall be settled by the issue of convertible notes (the "**CN(s)**") and HK$100 million shall be settled in cash. The CNs in the aggregate principal amount of HK$168 million will be convertible into a maximum of 91,803,278 new ordinary shares (the "**CN Conversion Share(s)**") based on the initial conversion price of HK$1.83 (the "**CN Conversion Price**") per CN Conversion Share. To procure the payment of HK$100 million cash for the Cheer Sino Acquisition, the Company entered into a placing agreement (the "**Placing Agreement**") with Kingston Securities Limited (the "**Placing Agent**"), pursuant to which the Company has agreed to appoint the Placing Agent as the placing agent to place and the Placing Agent has agreed to procure, not less than six independent, institutional or other professional investors to subscribe for, subject to certain conditions precedent as set out in the Placing Agreement, up to 68,600,000 new ordinary shares (the "**Placing Share(s)**") at the price of HK$1.5 per Placing Share (the "**Placing Price**") on a best effort basis (the "**Placing**"). The completion of the Cheer Sino Acquisition and the Placing are inter-conditional and an extraordinary general meeting ("**EGM**") of the Company was convened on 9 February 2018 to consider the sale and purchase agreement in relation to the Cheer Sino Acquisition, the Placing Agreement, the issue and allotment of the CN Conversion Shares and the Placing Shares. Those resolutions were duly approved during the EGM and accordingly, the Cheer Sino Acquisition was completed on 8 March 2018. Pursuant to the sale and purchase agreement, the vendor guarantees to the Company that the net profit of Cheer Sino Group in its consolidated audited financial statements shall not be less than HK$27 million, HK$73 million and HK$133 million for each of the relevant periods covering the year ending 31 December 2018, the two years ending 31 December 2019 and the three years ending 31 December 2020. If there is a shortfall on the guaranteed net profit of the Cheer Sino Group, there will be an adjustment on the amount of CNs to be transferred to the vendor , details of which can be referred to the announcements of the Company dated 24 November 2017, 8 March 2018 and circular of the Company dated 19 January 2018. As a full accounting reference period of the Cheer Sino Group did not end on 30 June 2018, no CNs were issued to the vendor as at 30 June 2018.

On 28 June 2018, Expand Trade Investment Limited ("**Expand Trade**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an individual and independent third party not connected with the Company and its connected person as at the date of entering into the sale and purchase agreement. Pursuant to the sale and purchase agreement, Expand Trade agreed to sell the entire equity interest of Mega Expo (Hong Kong) Limited, i-MegAsia Limited, Mega Expo (U.S.A) Limited, Mega Expo Operations Management Limited, Mega Expo (Berlin) Limited, Mega Expo Travel Limited, New Heyday Investments Limited, Mega Expo (China) Limited and Profit Topmark Limited to buyer based on net asset value ("**NAV**") at a consideration of approximately HK$188,000 in cash. The above mentioned companies are investment holding companies with no business operation and the disposal is in line with the streamlining of the Group's operation.

On 5 July 2018, the Group has acquired a finance leasing company that may conduct the finance leasing business in the PRC. The acquisition was a strategic step of the Group in introducing financing services to our existing customers and potentially, the players in the cultural and entertainment industries.

Save as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures during the year and up to the date of this announcement.

Significant Investments

A net loss of approximately HK$23,974,000 (2017: net loss of approximately HK$2,909,000) was recognised for the Group's financial assets at fair value through profit or loss during the year. Such net loss comprised of (i) loss on fair value change of profit guarantee of approximately HK$24,760,000 (2017: approximately HK$210,000) and (ii) realised gain on financial assets at fair value through profit or loss of approximately HK$786,000 (2017: realised loss of approximately HK$2,699,000). Details can be referred to Note 6 of this announcement.

Pursuant to the terms of sale and purchase agreement in relation to the acquisition of Sparkle Mass Limited and its subsidiaries (the "**Sparkle Mass Group**"), the vendor undertakes that the net profit of the Sparkle Mass Group in its consolidated audited financial statements for each of the financial year ended 31 December 2017, 31 December 2018 and 31 December 2019 shall not be less than HK$13 million, HK$14 million and HK$15 million respectively. If there is a shortfall on the profit of the Sparkle Mass Group in each of the above period, there will be cash compensation of the shortfall from the vendor to the Group. As illustrated in the consolidated audited financial statements of the Sparkle Mass Group for the year ended 31 December 2017, the net profit has exceeded HK$13 million and hence the guaranteed profit has been met, details of which can be referred to the announcement of the Company dated 10 February 2017 and 28 March 2018.

Pursuant to the terms of sale and purchase agreement in relation to the acquisition of the Fortune Selection Group, the vendor of the Fortune Selection Group undertakes that the net profit of the Fortune Selection Group in its consolidated audited financial statements for each of the financial year ended 31 December 2017, 31 December 2018 and 31 December 2019 shall not be less than HK$10 million, HK$11 million and HK$12 million respectively. If there is a shortfall on the net profit of Fortune Selection Group in each of the relevant periods, there will be an adjustment on the amount of CBs to be transferred to the vendor. As presented in the consolidated audited financial statements of Fortune Selection Group for the year ended 31 December 2017, the net profit has exceeded HK$10 million and hence the second CB with principal amount of HK$8,004,000 was issued to the vendor.

Pursuant to the terms of sale and purchase agreement in relation to the acquisition of the Cheer Sino Group, the vendor of the Cheer Sino Group undertakes that the net profit of the Cheer Sino Group in its consolidated audited financial statements shall not be less than HK$27 million, HK$73 million and HK$133 million for each of the relevant periods covering the year ending 31 December 2018, the two years ending 31 December 2019 and the three years ending 31 December 2020. If there is a shortfall on the net profit of Cheer Sino Group, there will be an adjustment on the amount of remaining CNs to be transferred to the vendor.

The fair value of the above guaranteed profits were based on a valuation conducted by an independent firm of professional valuer after assessing the possibility of meeting the guaranteed profits and certain assumptions of market conditions. If the probability of meeting the guaranteed profits becomes higher, the necessity of requiring compensation from each of the above vendors becomes lower and hence its fair value of the guaranteed profits. During the year ended 30 June 2018, the Group recognised a loss on fair value change of profit guarantee of approximately HK$24,760,000 (2017: approximately HK$210,000).

	2018	2017
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss		
– Guaranteed Profit	**16,785**	3,540

Details of realised and unrealised gain/loss on financial assets at fair value through profit or loss for the year ended 30 June 2018 and year ended 30 June 2017 are as follows:

Top 5 gains/(losses) for the year ended 30 June 2018

Name of stock listed on the Stock Exchange of the Hong Kong Limited (the "Stock Exchange")	**Stock code**	**Realised gain/(loss) for the year ended 30 June 2018**	**Unrealised gain/(loss) for the year ended 30 June 2018**	**Dividend received for the year ended 30 June 2018**
		HK$'000	*HK$'000*	*HK$'000*
Tracker Fund of Hong Kong	2800	741	–	–
Link Real Estate Investment Trust	823	76	–	36
China Wan Tong Yuan (Holdings) Limited	8199	69	–	–
Genes Tech Group Holdings Company Limited	8257	52	–	–

Name of unlisted investment	Realised gain/(loss) for the year ended 30 June 2018	Unrealised gain/(loss) for the year ended 30 June 2018	Dividend received for the year ended 30 June 2018
	HK$'000	*HK$'000*	*HK$'000*
Qilu Jiacheng Preferred Income Fund ORDINARY HKD CLASS B	(159)	–	82

Top 5 gains/(losses) for the year ended 30 June 2017

Name of stock listed on the Stock Exchange	Stock code	Realised gain/(loss) for the year ended 30 June 2017	Unrealised gain/(loss) for the year ended 30 June 2017	Dividend received for the year ended 30 June 2017
		HK$'000	*HK$'000*	*HK$'000*
Ding He Mining Holdings Limited	705	(2,273)	–	–
Asia Television Holdings Limited	707	(480)	–	–
Hong Kong Life Sciences and Technologies Group Limited	8085	(2,098)	–	–
Sino Haijing Holdings Limited	1106	215	–	–
Leyou Technologies Holdings Limited	1089	1,191	–	–

Name of unlisted investment	Realised gain/(loss) for the year ended 30 June 2017	Unrealised gain/(loss) for the year ended 30 June 2017	Dividend received for the year ended 30 June 2017
	HK$'000	*HK$'000*	*HK$'000*
KKC Capital High Growth Fund Segregated Portfolio	782	–	–

Liquidity, Financial Resources and Capital Resources

As at 30 June 2018, the Group's total current assets and current liabilities, exclusive of asset classified as held for sale, were approximately HK$302,908,000 (30 June 2017: approximately HK$85,002,000) and approximately HK$114,147,000 (30 June 2017: approximately HK$28,296,000) respectively, while the current ratio was about 2.7 times (30 June 2017: about 3.0 times).

As at 30 June 2018, the Group maintained cash and cash equivalents of approximately HK$171,175,000 (30 June 2017: approximately HK$54,583,000). The cash and cash equivalents of the Group as at 30 June 2018 was mainly denominated in HK$ and Renminbi ("**RMB**").

As at 30 June 2018 and 30 June 2017, 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 its assets as at 30 June 2018 and 30 June 2017.

Capital Structure

As at 30 June 2018, the total equity of the Group was approximately HK$389,868,000 (2017: approximately HK$142,030,000). The increase was mainly attributable to the combined effect of (i) increase in share capital and share premium of approximately HK$137,000 and HK$100,190,000, respectively from the issuance of 68,600,000 ordinary shares at the price of HK$1.5 per share on 8 March 2018 (details of which can be referred to the Cheer Sino Acquisition in section headed "Material Acquisition and Disposal" above); (ii) increase in share capital and share premium of approximately HK$69,000 and HK$54,265,000, respectively from the conversion of first CB and second CB with total principal amount of HK$32,016,000 (details of which can be referred to the Fortune Selection Acquisition in section headed "Material Acquisition and Disposal" above); and (iii) profit for the year ended 30 June 2018 of approximately HK$90,705,000.

As at 30 June 2018, the Company's issued share capital was approximately HK$2,908,000 (2017: approximately HK$2,701,000) with 1,454,200,000 (2017: 1,350,800,000) ordinary shares of HK$0.002 each in issue. The increase in the issued number of shares was primarily due to (i) the issuance of 68,600,000 ordinary shares for Cheer Sino Acquisition and; (ii) the issuance of 34,800,000 ordinary shares upon the exercise of conversion rights attached to the convertible bonds with total principal amount of HK$32,016,000.

Borrowings

In the foreseeable future, the Group expects to fund its capital expenditures, working capital and other capital requirements from the internal resources and other financing means which the Company may from time to time consider appropriate. As at 30 June 2018, the Group's borrowing, being the amount of the borrowing was HK$2,594,000 (30 June 2017: Nil).

	As at 30 June 2018 *HK$'000*	As at 30 June 2017 *HK$'000*
Borrowing		
Over 2 years and within 5 years	**2,594**	–
Total	**2,594**	–

The Group manages its capital to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through maintaining the equity and debt in a balanced position. As at 30 June 2018, the borrowing of HK$2,594,000 was an unsecured and a fixed interest rate bearing debt security.

The gearing ratio is the ratio of total debt divided by total assets. As at 30 June 2018, the gearing ratio was 0.4% (2017: 0%).

Subsequent Events

On 5 July 2018, an indirect wholly-owned subsidiary of the Company completed the acquisition transaction of 100% equity interest of CIS Industrial Co., Limited and its subsidiary (collectively referred as "**CIS Industrial Group**") at a consideration of HK$330,000, which was satisfied by cash. CIS Industrial Group may conduct finance leasing business in the PRC.

On 6 August 2018, the Company entered into a placing agreement for placing of bonds of up to an aggregate principal amount of HK$100,000,000. The interest rate is up to 6.75% per annum, payable semi-annually in arrears. The net proceeds from the bond placing will be used by the Company (i) for development of existing exhibition and related business, brand management, financing business, entertainment promotion and consultancy business; and (ii) for investment activities when such suitable investment opportunities arise, with any remaining balance to be used as general working capital of the Group. Details can be referred to the announcement of the Company dated 6 August 2018. As at the date of this announcement, bonds of an aggregate principal amount of HK$5,000,000 were subscribed for by three placees.

Future Plans for Material Investment or Capital Assets

The Group will continue to explore investment opportunities in the PRC to enhance its income source, which may or may not include any assets and/or business acquisitions or disposals by the Group. Any such plans will be subject to review and approval by the Board and compliance with the applicable requirements under the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") where appropriate. The Group may also implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable investment opportunities arise.

Fund Raising Activities in The Past Twelve Months

Save as disclosed below, there were no other equity fund raising activities of the Company during the last 12 months prior to the date of this announcement:

Date of announcements	Fund raising activity	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds
24 November 2017, 19 January 2018, 8 March 2018	Placing of new shares under specific mandate	HK$100.3 million	Cash payment in the sum of HK$100 million for the Cheer Sino Acquisition	Used as Intended

Date of announcements	Fund raising activity	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds
11 June 2018, 6 August 2018	Placing of bonds	up to HK$100 million (maximum gross proceeds)	(i) Development of existing exhibition and related business, brand management, financing business, entertainment promotion and consultancy business; (ii) Investment activities when such suitable investment opportunities arise; and (iii) General working capital of the Group	Used as Intended

The Placing, details of which can be referred to the Cheer Sino Acquisition in the section headed "Material Acquisition and Disposal" above, was completed on 8 March 2018 and raised net proceeds of approximately HK$100,327,000, which is intended to be used for the cash payment of the Cheer Sino Acquisition in the sum of HK$100,000,000. The net price per Placing Share was approximately HK$1.46 after deduction of relevant expenses of the Placing. The Placing Shares had a market value of approximately HK$124,166,000 based on the closing price of the shares of the Company of HK$1.81 on 24 November 2017 (being the date on which the terms of the Placing were fixed) and a nominal value of HK$137,200.

Exposure to Fluctuation in Exchange Rates

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 2018, the Group had a total of 75 full-time employees in Hong Kong and the PRC (2017: 23 full-time employees). The remuneration payable to its employees included salaries, discretionary bonus and commission. Remuneration packages were 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 and trainings to its employees. The Company has also adopted a share option scheme as incentive to eligible employees.

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

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and adopted all code provisions, where applicable, as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has applied the principles and complied with all applicable code provisions except for the following deviations:

- Under code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 12 May 2017 to 21 June 2018, the roles of chairman of the Board (the "**Chairman**") and chief executive officer of the Company (the "**CEO**") were performed by Mr. Deng Zhonglin. Although Mr. Deng Zhonglin assumed both the roles of the Chairman and the CEO, the Board was appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders. The Board believed that in view of rapid development of the Group, vesting the roles of both the Chairman and the CEO in the same person provided the Company with strong and consistent leadership and allowed for effective and efficient planning and implementation of business decisions and strategies. However, for the purpose of achieving better corporate governance, Mr. Deng Zhonglin ceased to be the CEO and Mr. Xu Feng was appointed as an executive Director and the CEO with effect from 21 June 2018. With the resignation of Mr. Deng Zhonglin and the appointment of Mr. Xu Feng as the CEO, the Company has complied with code provision A.2.1 of the CG Code.

- Under code provision A.6.7, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Yang Bo, being an independent non-executive Director, could not attend the annual general meeting of the Company held on 7 December 2017 because of his other business commitments; aiming for compliance with this code provision, the Company will continue to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way to enable all Directors to attend the general meetings as far as possible.

- Under code provision A.7.1, an agenda and accompanying board papers should be sent, in full, to the Directors at least three days before the intended date of a Board or Board committee meeting. For practical reasons, an agenda and accompanying board papers may not be sent in full three days in advance of the meeting concerned, especially in case of meetings held on an ad hoc basis. The Company will endeavour to send the agenda and accompanying board papers in full to the Board and Board committees three days in advance to the extent practicable.

- Rules 3.10(1), 3.21, 3.25 of the Listing Rules and code provision A.5.1 of the CG Code stipulate that (i) every board of Directors must include at least three independent non-executive Directors; (ii) the audit committee must comprise a minimum of three members, be chaired by an independent non-executive Director and the majority must be independent non-executive Directors; (iii) the remuneration committee must be chaired by an independent non-executive Director and comprising a majority of independent non-executive Directors; and (iv) the nomination committee must be chaired by the chairman of the Board or an independent non-executive Director and comprising a majority of independent non-executive Directors. Upon the resignation of Mr. Yang Bo as an independent non-executive Director, the chairman of the remuneration committee, a member of the audit committee and the nomination committee with effect from 7 December 2017, the number of independent non-executive Directors was less than three as required under Rule 3.10(1) of the Listing Rules; the number of members of the audit committee was less than three as required under Rule 3.21 of the Listing Rules; the remuneration committee did not comprise of a majority of independent non-executive Directors and hence was not in compliance with Rule 3.25 of the Listing Rules; and the nomination committee did not comprise of a majority of independent non-executive Directors, the Company was not in compliance with code provision A.5.1 of the CG Code. Following the appointment of Dr. Wong Kong Tin, *JP* to fill the vacant positions caused by Mr. Yang Bo with effect from 13 December 2017, the Board had a total of three independent non-executive Directors, which is in compliance with Rule 3.10(1) of the Listing Rules; the audit committee comprises three independent non-executive Directors, which is in compliance with Rule 3.21 of the Listing Rules; the remuneration committee comprises three Directors, a majority of whom are independent non-executive Directors and is chaired by an independent non-executive Director, which is in compliance with Rule 3.25 of the Listing Rules; and the nomination committee comprises three Directors, a majority of whom are independent non-executive Directors which is in compliance with code provision A.5.1 of the CG Code in Appendix 14 to the Listing Rules.

Except for the above deviations from the CG Code, the Board is of the view that the Company has complied with the CG Code for the year ended 30 June 2018. The Company reviews its corporate governance practices regularly to ensure compliance with the CG code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 Model Code during the year ended 30 June 2018.

DIVIDEND

The Board proposed to declare a final dividend of HK1.0 cent per share in cash, approximately HK$14.5 million in aggregate, for the year ended 30 June 2018 (2017: Nil), which is expected to be paid on 11 January 2019 to shareholders whose names appear on the register of members of the Company as at 17 December 2018, subject to shareholders' approval in the forthcoming annual general meeting of the Company expected to be held on 7 December 2018. The proposed final dividend will be paid in HK$ and there is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement of shareholders to the right to attend and vote at the forthcoming annual general meeting of the Company (or any adjournment thereof), the register of members of the Company will be closed from Tuesday, 4 December 2018 to Friday, 7 December 2018, both days inclusive, during which period no share transfer will be effected. In order to be entitled to attend and vote at the forthcoming annual general meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 December 2018.

In order to determine shareholders who qualify for the proposed final dividend, the register of members of the Company will be closed from Friday, 14 December 2018 to Monday, 17 December 2018, both days inclusive, during which period no share transfer will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 30 June 2018.

SCOPE OF WORK OF HLM CPA LIMITED

The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on the preliminary results announcement.

AUDIT COMMITTEE

The Audit Committee comprises all the three independent non-executive Directors, namely Mr. Tsang Wing Ki (chairman), Mr. Choi Hung Fai and Dr. Wong Kong Tin, *JP*. The Audit Committee has reviewed, with management and the independent auditor of the Company, the annual results and the consolidated financial statements of the Group for the year ended 30 June 2018.

By Order of the Board
Mega Expo Holdings Limited
Deng Zhonglin
Chairman

Hong Kong, 21 September 2018

As at the date of this announcement, the Board comprises Mr. Deng Zhonglin and Mr. Xu Feng as executive Directors; and Mr. Choi Hung Fai, Mr. Tsang Wing Ki and Dr. Wong Kong Tin, JP as independent non-executive Directors.