



Share Offer



MEGA EXPO HOLDINGS LIMITED

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

Sole Sponsor:  **HALCYON 鎧盛**

Sole Coordinator:  **HALCYON 鎧盛**

Joint Bookrunners and Joint Lead Managers:  **康宏**
your finance navigator

 **GREAT ROC**
CAPITAL SECURITIES LIMITED
鴻騰資本證券有限公司

 **HALCYON 鎧盛**

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



(incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares	:	60,000,000 Shares (comprising 50,000,000 new Shares and 10,000,000 Sale Shares)
Number of Public Offer Shares	:	6,000,000 new Shares (subject to reallocation)
Number of Placing Shares	:	54,000,000 Shares (comprising 44,000,000 new Shares and 10,000,000 Sale Shares) (subject to reallocation)
Offer Price	:	Not more than HK\$1.33 per Offer Share and expected to be not less than HK\$1.23 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)
Nominal Value	:	HK\$0.01 per Share
Stock Code	:	1360

Sole Sponsor



Sole Coordinator



Joint Bookrunners and Joint Lead Managers

(in alphabetical order)



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "A. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by the Price Determination Agreement between the Sole Coordinator (acting on behalf of all the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on or around Wednesday, 30 October 2013 or such later time as may be agreed between the parties, but in any event, no later than Monday, 4 November 2013. If, for any reason, the Sole Coordinator (acting on behalf of all the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) are unable to reach an agreement on the Offer Price on or before Monday, 4 November 2013, the Share Offer will not become unconditional and will lapse immediately. The Offer Price will be not more than HK\$1.33 per Offer Share and is currently expected to be not less than HK\$1.23 per Offer Share unless otherwise announced in the manner set out below. Investors applying for Offer Shares must pay the maximum Offer Price of HK\$1.33 per Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price finally determined is lower than HK\$1.33 per Offer Share. The Sole Coordinator (acting on behalf of all the Underwriters) may, with the consent of our Company (for ourselves and on behalf of the Selling Shareholder), reduce the indicative Offer Price range below that as stated in this prospectus at any time not later than the morning of the last day for lodging applications under the Public Offer. In such a case, notice of the reduction in the indicative Offer Price range will be announced on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.mega-expo.com not later than the morning of the day which is the last day for lodging applications under the Public Offer. Please refer to the section headed "Structure and conditions of the Share Offer" for further details.

Pursuant to the force majeure provisions contained in the Public Offer Underwriting Agreement in respect of the Share Offer, the Sole Coordinator (acting on behalf of all the Public Offer Underwriters) has the right in certain circumstances, subject to its sole and absolute opinion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date (such date is currently expected to be 6 November 2013). Further details of the terms of the force majeure provisions are set out in the section headed "Underwriting" in this prospectus.

25 October 2013

EXPECTED TIMETABLE ^(Note 1)

If there is any change in the following expected timetable, our Company will issue a separate announcement.

2013

Latest time to complete electronic applications under the HK eIPO White Form service through the designated website at www.hkeipo.hk ^(Note 3)	11:30 a.m. on Wednesday, 30 October
Application lists open ^(Note 2)	11:45 a.m. on Wednesday, 30 October
Latest time to lodge WHITE and YELLOW Application Forms and to give electronic application instructions to HKSCC ^(Note 4)	12:00 noon on Wednesday, 30 October
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 30 October
Application lists close ^(Note 2)	12:00 noon on Wednesday, 30 October
Expected Price Determination Date ^(Note 5)	Wednesday, 30 October
Announcement of the final Offer Price, the indication of level of interest in the Placing, the results of allocations in the Public Offer and the basis of allotment of the Public Offer Shares to be published (a) on the website of our Company at www.mega-expo.com ; and (b) on the website of the Stock Exchange at www.hkexnews.hk on or before	Tuesday, 5 November
Results of applications and Hong Kong identity card/passport/ Hong Kong business registration numbers of successful applicants under the Public Offer to be available under a variety of channels as described in the section headed “How to apply for the Public Offer Shares – 11. Publication of results” in this prospectus including the website of our Company at www.mega-expo.com and the website of the Stock Exchange at www.hkexnews.hk from	Tuesday, 5 November
Despatch of share certificates of the Offer Shares or deposit of share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before ^(Note 6)	Tuesday, 5 November
Despatch of HK eIPO White Form e-Auto Refund payment instructions and refund cheques in respect of wholly successful (if applicable) wholly or partially unsuccessful applications pursuant to the Public Offer on or before ^(Note 6)	Tuesday, 5 November
Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Wednesday, 6 November

EXPECTED TIMETABLE ^(Note 1)

Notes:

1. All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Wednesday, 30 October 2013, the application lists will not open and close on that day. Further information is set out in the section headed “How to apply for the Public Offer Shares – 10. Effect of bad weather on the opening of the application lists” in this prospectus.
3. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.
4. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed “How to apply for the Public Offer Shares – 6. Applying by giving **electronic application instructions** to HKSCC via CCASS” in this prospectus.
5. The Price Determination Date is expected to be on or around Wednesday, 30 October 2013, and in any event not later than Monday, 4 November 2013. If, for any reason, the Offer Price is not agreed by our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Coordinator (acting on behalf of all the Underwriters), on or before Monday, 4 November 2013, the Share Offer will not proceed and will lapse.
6. Applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect refund cheques and (where applicable) share certificates in person from the Hong Kong Branch Share Registrar may collect refund cheques and (where applicable) share certificates in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Tuesday, 5 November 2013. Identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Shares is the same as that for applicants who apply on **WHITE** Application Forms.

Applicants who apply for the Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to apply for the Public Offer Shares” in this prospectus for details.

If an applicant has applied for less than 1,000,000 Public Offer Shares or has applied for 1,000,000 Public Offer Shares or more but has not indicated in the Application Form that he/she/it wishes to collect share certificate and/or refund cheque, the share certificate and/or refund cheque will be despatched by ordinary post (at the applicant’s own risk) to the address specified on the Application Form.

Uncollected share certificates and refund cheques will be despatched by ordinary post (at the applicants’ own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed “How to apply for the Public Offer Shares – 14. Despatch/Collection of share certificates and refund monies” in this prospectus.

HK eIPO White Form e-Auto Refund payment instructions and refund cheques will be made/issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third-party for refund purpose. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque.

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Share Offer has become unconditional; and (ii) the Underwriters’ right of termination as described in the section headed “Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination” in this prospectus has not been exercised and has lapsed.

CONTENTS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company and the Selling Shareholder have not authorised anyone to provide you with information which is different from that contained in this prospectus. Any information or representation not made in this prospectus must not be relied upon by you as having been authorised by our Company, the Selling Shareholder, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Share Offer.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all of the information which may be important to you. You should read the whole document before you decide to invest in our Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Shares are summarised in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in our Shares.

OVERVIEW

Our Group is principally engaged in the management, as well as the organisation of trade exhibitions (which accounted for 95.0% of the total revenue of our Group as at 30 June 2013) and the provision of Exhibition Related Services for other exhibition organisers or project managers (which accounted for 4.9% of the total revenue of our Group as at 30 June 2013). During the Track Record Period, a major part of our revenue was derived from the management of and provision of Exhibition Related Services to the Mega Shows which were held and will continue to be held in HKCEC every October. Revenue derived from the Mega Shows during the Track Record Period accounted for approximately 95.9%, 87.6% and 88.4% of our Group's total revenue respectively. The Mega Show Part I (then under the names of Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show) and the Mega Show Part II (then under the name of ASIANA), collectively, the Mega Shows, were being organised annually since 1992 and 2003, respectively. According to the Industry Report, Mega Show Part I managed by us during 2012 ranked second in terms of number of exhibitors in Hong Kong and our Group ranked the fifth largest trade exhibition organiser or project manager located in Hong Kong with a share of total industry revenue of approximately 5.0%. Besides the Mega Shows, our Group also organised, managed and provided Exhibition Related Services to exhibitions held in Singapore, the PRC, the US, Germany, Russia and the UK. For roles that our Group took up in the respective trade exhibitions during the Track Record Period, please refer to the section headed "Business" on page 87 in this prospectus for further information. For the recurring exhibitions we have participated in during the Track Record Period and as at the Latest Practicable Date, please refer to the table below:

(i) Recurring exhibitions

Name of exhibitions/period held	Place held	Theme of exhibition	Roles taken up by our Group during the Track Record Period
Mega Shows October, 2010, 2011 and 2012	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	Project manager, on-site manager, booth manager and sub-manager (<i>Note 1</i>)
Singapore Asia Expo November, 2011 and 2012	Singapore	Gifts and premiums, fashion accessories, housewares, toys and games, foodware, building material, sports and outdoor items trade exhibition	Organiser (<i>Note 2</i>)
Berlin Expo February, 2012 and 2013	Berlin, Germany	Apparel and textiles trade exhibition	Project manager and organiser (<i>Note 3</i>)
Vegas Expo August 2012	Las Vegas, Nevada, US	Gifts and premium, housewares, festive & seasonal, toys, games, and stationery trade exhibition	Organiser

SUMMARY

Notes:

1. In 2010, our Group acted as project manager for the Mega Show Part I New Wing and on-site manager and booth manager for the Mega Show Part I Old Wing and the Mega Show Part II. In 2011, our Group continued to act as the project manager for the Mega Show Part I New Wing and we took up the role of sub-manager for the Mega Show Part I Old Wing and the Mega Show Part II while in 2012, we acted as project manager for the Mega Shows.
2. Our Group co-organised the Singapore Asia Expo with 福建蒼源國際展覽有限公司 (Fujian Huiyuan International Exhibition Co. Ltd.*), an Independent Third Party.
3. Our Group acted as project manager for Berlin Expo in 2012. In 2013, we entered into a licence agreement with the venue provider of Berlin Expo and our Group acted as the organiser of Berlin Expo in 2013.

Besides the above recurring exhibitions, our Group also participated in London Asia Expo, Ningbo Consumer Expo, Commodities Fair Fujian China, Household Expo, China Sichuan New Year's Shopping Festival*, China Import and Export Fair and Hong Kong International Buddhist Fair. For further information of the trade exhibitions we participated during the Track Record Period, please refer to the section headed "Business" on page 96 in this prospectus.

Upcoming trade exhibition confirmed to be organised by our Group in 2013 and 2014 as at the Latest Practicable Date

Name of exhibitions/ period to be held	Place to be held	Theme of exhibition	Roles to be taken up by our Group
Mega Show Part I 20-23 October 2013	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	Organiser
Mega Show Part II 27-29 October 2013	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	Organiser
Singapore Asia Expo 21-23 November 2013	Singapore	Gifts and premiums, fashion accessories, housewares, toys and games, foodware, building material, sports and outdoor items trade exhibition	Organiser (<i>Note 1</i>)
Berlin Expo 18-20 February 2014	Berlin, Germany	Apparel and textiles trade exhibition	Organiser
Mega Show Part I 20-23 October 2014	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	Organiser
Mega Show Part II 27-29 October 2014	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	Organiser

Notes:

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

* translation for identification purposes only

SUMMARY

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

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

OUR HISTORY, DEVELOPMENT AND REORGANISATION

As at the Latest Practicable Date, we had eight operating subsidiaries incorporated in Hong Kong, the BVI, the PRC and the US, namely Mega Expo (BVI), Mega Expo (HK), i-MegAsia, Mega Expo (USA), Mega Expo Operations, Mega Expo (Berlin), Shenzhen Hengjian and Mega Expo (U.S.A.) Inc. In preparation for the Listing, various corporate reorganisation procedures were carried out, which included (i) incorporation of investment holding companies and our Company, (ii) acquisition of subsidiaries by such investment holding companies and our Company, (iii) sub-division of Shares and (iv) transfer of investment holding companies to our Company. As a result of the Reorganisation, our Company became the ultimate holding company of our Group. Please refer to the sections headed “History and development” and “Reorganisation” on pages 75 and 81 respectively in this prospectus for further information.

SUMMARY

History of the organisation of the Mega Shows

The Mega Show Part I (which was then named as the Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show) was first organised by Mr. Cheung and his business partners in 1992 through their shareholding in Kenfair International Limited. Since then Mr. Cheung and his business partners gradually broadened the scope of the Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show, and the Mega Show Part II (then under the name of ASIANA) was introduced in 2003. As part of the pre-listing reorganisation of Sino Resources (formerly known as Kenfair International (Holdings) Limited), Kenfair International Limited became part of the Pro-Capital Group. Since then and until the acquisition of GIIL by Mr. Cheung, the Mega Shows were organised by the Pro-Capital Group. During his tenure at Sino Resources (formerly known as Kenfair International (Holdings) Limited), Mr. Cheung was its director and was involved in the administration, operation, organisation and marketing of its trade exhibitions (including the Mega Shows). As Sino Resources (formerly known as Kenfair International (Holdings) Limited) decided to diversify its business into the mining sector during 2008, Mr. Cheung decided to acquire GIIL, which then held, among others, the licence agreement for the occupancy of the venue to hold the Mega Shows in 2009, from Pro-Capital Group. From 2009 to 2012, GIIL was the organiser of the Mega Shows. Our Group was engaged as the project manager of the Mega Show Part I New Wing from 2009 to 2012, and also of the Mega Show Part I Old Wing and the Mega Show Part II in 2012 after Pro-Capital Group decided not to act as the project manager of the Mega Show Part I Old Wing and Mega Show Part II after 2011. In 2013 and 2014, our Group will act as the organiser of the Mega Shows. Save as being a minority shareholder of Business Good, which is one of our Controlling Shareholders, Mr. Cheung is an Independent Third Party. Sino Resources (formerly known as Kenfair International (Holdings) Limited) is also an Independent Third Party. For further details, please refer to the section headed “Business – Arrangement with GIIL Group and Pro-Capital Group” on page 114 in this prospectus.

OUR COMPETITIVE STRENGTHS

Our Group has the following competitive strengths, including (a) an experienced management team led by our founder, chairman and executive Director, Mr. Lee, who possesses over 26 years of experience in the exhibition industry in Hong Kong and overseas. In particular, Mr. Lee had taken up various positions at the HKTDC in the past as executive trainee, market officer, exhibition services manager, assistant executive director and director of exhibitions and publications; (b) our proven business track record of trade exhibitions organised or managed by us including the Mega Shows, of which the Mega Show Part I in 2012 was ranked second in terms of number of exhibitors in Hong Kong; (c) our extensive network of Agents in different areas of Asia to promote our exhibitions; (d) provision of one stop services for our exhibitors and visitors; and (e) our experience in managing and organising exhibitions internationally. Please refer to the section headed “Business – Competitive strengths” on page 89 in this prospectus for further information.

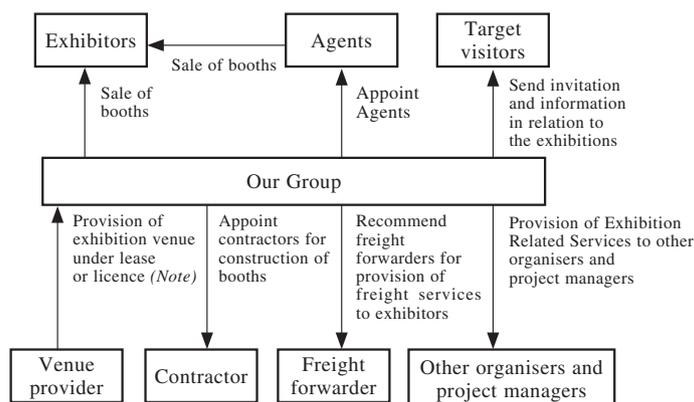
OUR BUSINESS STRATEGIES

We also plan to strengthen our market share in the exhibition organising industry by (a) expanding and improving our existing trade exhibitions including the Mega Shows; (b) developing new exhibitions in Macau, Poland and the UK; and (c) improving our information technology system to improve communication with exhibitors and visitors and setting up branch offices for promotion of our exhibitions in the PRC. Please refer to the section headed “Business – Business strategies” on page 91 in this prospectus for further information.

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OUR BUSINESS MODEL

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



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

The following table sets out the operational data of the major and recurring trade exhibitions we managed, organised or participated in during the Track Record Period:

Name of exhibition	Year held	Number of exhibitors (approximate)	Number of visitors (approximate)	Net exhibition space (sq.m) (approximate)	Role of our Group	Revenue contribution HK\$ '000	Average selling price of exhibition space HK\$ per sq.m
Mega Shows	2010	4,641	68,629	59,468	Project manager (Part I New Wing) On-site manager and booth manager (Part I Old Wing) On-site manager and booth manager (Part II)	141,629	3,410
	2011	4,345	66,891	56,174	Project manager (Part I New Wing) Sub-manager (Part I Old Wing) Sub-manager (Part II)	146,031	3,567
	2012	4,236	57,139	54,373	Project manager	195,060	3,403
Singapore Asia Expo	2011	519	6,135	5,313	Organiser	14,413	2,642
	2012	268	3,423	2,898	Organiser	10,673	3,642
Berlin Expo	2012	171	1,573	1,899	Project manager	4,908	2,527
	2013	225	1,691	2,490	Organiser	6,603	2,574
Vegas Expo	2012	276	3,558	3,042	Organiser	8,192	2,533

For further details and explanation regarding the above table, please refer to the section headed “Business - Exhibitions participated by our Group” on page 96 in this prospectus.

SUMMARY

The following table sets out the revenue contributed by each of the roles our Group had taken up in trade exhibitions we have participated in during the Track Record Period:

	Year ended 30 June		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Organiser	1,990	14,413	25,468
Project manager	132,221	133,388	195,060
Sub-manager	–	17,551	–
On-site manager and booth manager	10,208	–	–
Agent	3,213	1,224	–

OUR CUSTOMERS

Our customers in relation to our management and organisation of trade exhibitions mainly include (i) exhibitors which we sell our booths to directly or referred by our sales agents, and (ii) exhibition service agents which we sell our booths to directly. Our exhibitors, mainly from the PRC, Hong Kong, Taiwan, India and Thailand, participated in trade exhibitions organised or participated by our Group either by lodging applications with our sales team or with our respective appointed Agents. In relation to management and organisation of trade exhibitions, certain exhibition service agents (including but not limited to those in the PRC, Taiwan and other Asian countries) will also purchase booths directly from our Group and resell to exhibitors in their respective regions.

For our Exhibition Related Services business, our customers are trade exhibition organisers and/or project managers when we act as sub-manager, on-site manager and booth manager. For Exhibition Related Services which we act as agent, we purchase the booths from the relevant exhibition organiser and resell to our customers which are the exhibitors or other agents.

During the Track Record Period, our Group's top five customers in aggregate accounted for approximately 21.4%, 25.7% and 23.8% respectively of our Group's revenue while the largest customer accounted for approximately 12.8%, 12.7% and 12.4% respectively of our Group's revenue. All top five customers of our Group during the Track Record Period were exhibition service agents of our Group, located in Taiwan, the PRC, Vietnam and India.

OUR SUPPLIERS

Our Group's major suppliers are exhibition organisers, advertising agents, venue providers, booth contractors and sales agents. During the Track Record Period, the fees paid to our Group's five largest suppliers in aggregate accounted for approximately 49.3%, 44.0%, and 43.4% of our Group's total costs respectively while the fees paid to the largest supplier accounted for approximately 29.6%, 26.4% and 29.5% of our Group's total costs respectively.

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OUR AGENTS

During the Track Record Period, our Group also entered into agency agreement with certain sales agents, in which the sales agents will recruit exhibitors on our Group's behalf and in turn receive a commission. We also entered into agreements with certain exhibition service agents, which purchase our booths and resell to exhibitors. For sale of booths to exhibition service agents, our Group will provide certain discount on the booth price.

For further information regarding our customers, suppliers, and agents, please refer to the section headed "Business" from page 108 to 113 in this prospectus.

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

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders consist of Mr. Lee and Business Good. As at the Latest Practicable Date, Business Good was held by Mr. Lee and Mr. Cheung as to 93.2% and 6.8% respectively, and Business Good directly held the entire issued share capital of our Company immediately prior to the Share Offer. Although Business Good would hold approximately 70% of our issued share capital immediately upon completion of the Capitalisation Issue and Share Offer, the management of our Group as well as the administration, operations and finance of our Group is independent of Business Good and Mr. Lee. As at the Latest Practicable Date, neither Business Good nor Mr. Lee controls or conducts any business which competes, or is likely to compete, either directly and indirectly, with our business. For further information, please refer to the section headed "Relationship with our Controlling Shareholders" on page 152 in this prospectus.

RISK FACTORS

There are certain risks relating to investing in our Shares, among which, the relatively material risks are set out below. You should read the entire section headed "Risk factors" on page 26 in this prospectus before you decide to invest in our Shares. Some of the key risks our Group faces includes:

- (a) in the event of a cancellation of the Mega Shows, our Group will incur a loss of the majority of our revenue, as it accounted for approximately 95.9%, 87.6% and 88.4% of our Group's revenue during the Track Record Period;

SUMMARY

- (b) in the event our Group fails to maintain our business relationship with our venue providers for our exhibitions, we may be unable to secure alternative venues for our exhibitions which may adversely affect our business operations; and
- (c) as we incur significant payment for preparation of our exhibitions before we accept deposits from exhibitors, there is a cash flow mismatch and in the event that our exhibition fails to materialise, our Group's financial condition will be adversely affected.

SUMMARY FINANCIAL INFORMATION

Key information from combined statements of comprehensive income and combined statements of financial position

The table below sets forth the selected information of our Group's combined statements of comprehensive income during the Track Record Period, details of which are set out in the Accountants' report in Appendix I to this prospectus:

	Year ended 30 June		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Revenue	147,758	166,795	220,633
Organisation of exhibitions	124,939	140,518	209,753
Exhibition-related services	22,683	26,056	10,775
Ancillary services	136	221	105
Profit before tax	31,220	30,864	34,241
Profit for the year	25,926	24,888	25,902
Profit/(loss) attributable to:			
Owners of the Company	26,049	25,056	26,170
Non-controlling interests	(123)	(168)	(268)
Net profit margin (<i>Note</i>)	17.6%	15.0%	11.9%

Note: Net profit margin equals profit attributable to owners of the Company divided by revenue.

Our net profit margin decreased from approximately 17.6% in the year ended 30 June 2011 to approximately 15.0% in the year ended 30 June 2012 mainly due to the percentage increases in various expenses, including advertising and promotion expenses, exhibition rentals, staff costs, booth construction costs, exhibition expenses, and other operating expenses, were higher than the percentage increase in revenue. Our net profit margin decreased to approximately 11.9% in the year ended 30 June 2013 due to the increase in exhibition cooperation expenses, staff costs and the incurring of listing expenses for the year ended 30 June 2013.

SUMMARY

	As at 30 June		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Current assets	121,216	147,147	129,970
Current liabilities	118,865	146,499	135,945
Net current assets/(liabilities)	2,351	648	(5,975)
Total asset	123,004	148,560	131,856
Total equity	4,139	2,061	(4,089)

The decrease of net current assets position for the three years ended 30 June 2013 was primarily due to the combined effect of decrease in net profit attributable to equity holders of our Group and payment of dividend. We recorded a net current liabilities as at 30 June 2013 primarily due to the dividend payment and the increase in legal and professional fees incurred for the year ended 30 June 2013 in preparation for the Listing. As our Group's operation is not capital in nature, our Directors consider that subject to the requirements of future development and operating cash flow, our Group intends to distribute our surplus cash to our Shareholders, when appropriate. Please refer to the section headed "Financial information – Dividend and dividend policy" on page 201 in this prospectus for details of our dividend policy.

SELECTED KEY FINANCIAL RATIOS

The table below sets forth our Group's current ratio, return on equity and return on total assets as at the dates indicated:

	As at 30 June		
	2011	2012	2013
Financial ratio			
Current ratio	1.0	1.0	1.0
Return on equity	710.2%	1,431.8%	N/A
Return on total assets	21.2%	16.9%	19.8%

For further details and explanation regarding the above table, please refer to the section headed "Financial information – Other key financial ratios" from page 198 to 199 in this prospectus.

REGULATORY NON-COMPLIANCE

As advised by our Hong Kong Legal Counsel, the PRC Legal Advisers, Singapore Legal Advisers, German Legal Advisers, Russia Legal Advisers and the US Legal Advisers, our Group had obtained the necessary approvals, if any, from the relevant governmental authorities in respect of all the exhibitions participated by our Group in Hong Kong, the PRC, Singapore, Germany, Russia and the US during the Track Record Period and up to the Latest Practicable Date, except for certain cases of non-compliance.

Historical non-compliances include (a) non-compliance with the PRC social insurance fund contribution requirements; (b) failure to register change of particulars of Ningbo Tianyi; (c) non-compliance with section 122 of the Companies Ordinance; (d) non-compliance regarding foreign exchange control regulations in the PRC; (e) failure to register our business in Singapore and the US during the Track Record Period; and (f) failure to obtain a licence for certain travel arrangement services during the

SUMMARY

Track Record Period. Please refer to the section headed “Business – Historical non-compliance” on page 135 in this prospectus for further details.

LATEST DEVELOPMENT OF OUR GROUP

As at the Latest Practicable Date, our Group continued with the preparation work for the upcoming of the Mega Shows 2013 to be held in October 2013 and the Singapore Asia Expo 2013 to be held in November 2013. Receipt in advance for the Mega Shows 2013 also increased steadily to approximately HK\$146.0 million as at 31 August 2013. Instalment payments of respective venues have also been paid according to the payment schedule. For the Berlin Expo 2014 and the Mega Shows 2014, our Group has also entered into the licence agreement independently with the venue provider of the respective trade exhibitions.

Regarding the Vegas Expo originally scheduled to be held in August 2013, due to the Boston Marathon explosion which occurred on 15 April 2013, a number of enrolled exhibitors had expressed concerns about travelling to the US and enquired about the possibility of withdrawal of application and refund. Our PRC exhibitors had also expressed concerns that the incident occurred in May 2013 in Guangzhou, PRC, of which inexplicable powder were found in the US Consulate General in Guangzhou may affect the progress of their visa applications for entry into the US for the participation of our Vegas Expo in August 2013. In this regard, our Group decided to postpone the Vegas Expo 2013 to 2014. As at the Latest Practicable Date, our Group was in the course of negotiating with the venue provider on carrying forward the prepaid venue deposits of approximately HK\$0.3 million to the following edition of the Vegas Expo. The rules and regulations set out in the application forms of the Vegas Expo for 2013 stipulated that the participation fee paid by the applicants shall be non-refundable. However, due to our Group’s intention to maintain a long term relationship with our exhibitors and exhibition service agents, we intend to offer to refund the full amount of the participation fee in the sum of approximately HK\$0.6 million. Our Group confirmed that such refund will not significantly impact our liquidity position.

In respect of the financial performance, as no trade exhibitions participated by our Group (save as the Vegas Expo 2013 which was postponed due to the abovementioned factors) will be held between March to September, as such save as disclosed above and the incurring of advertising, operational and administrative expenses, our Group did not have other major development up to the Latest Practicable Date. Due to the above mentioned reasons, our Directors anticipate that there will be a possibility that the participation of the upcoming exhibitions will also be impacted. As no exhibition was held subsequent to February 2013 up to the Latest Practicable Date and our Group continued to incur relevant advertising, operational and administrative expenses along the way to organise the upcoming trade exhibitions, our Group recorded a net current liabilities and net liabilities as at 31 August 2013. Our Directors are of the view that as at 31 August 2013, our Group recorded a receipt in advance on trade exhibitions to be organised by our Group in the coming months of approximately HK\$147.7 million. Immediately upon completion of the relevant trade exhibitions, the receipt in advance from customers will be recognised as our Group’s revenue and as a result our Group’s net liability position will be restored to net asset position.

In addition, our Group’s financial performance for the year ending 30 June 2014 will be adversely affected by the non-recurring expenses incurred in relation to the Listing. Our Group expects that listing expenses amounting to HK\$10.2 million will be charged in our consolidated statements of comprehensive income for the year ending 30 June 2014. Our Directors would like to emphasise that the listing expenses are a current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions.

SUMMARY

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OFFER STATISTICS

Board lot:	2,000 Shares
Offering structure:	90% Placing and 10% Public Offer
Offer size:	Share Offer of 30% of the enlarged issued share capital of our Company, comprising 60,000,000 Shares including (i) 6,000,000 new Shares for the Public Offer (subject to reallocation) and (ii) 54,000,000 Shares comprising 44,000,000 new Shares and 10,000,000 Sale Shares for the Placing (subject to reallocation)

	Based on an Offer Price of HK\$1.23 per Share	Based on an Offer Price of HK\$1.33 per Share
Market capitalisation of our Shares at Listing:	HK\$246 million	HK\$266 million
Unaudited pro forma adjusted combined net tangible assets per Share (<i>Note</i>):	HK\$0.14	HK\$0.16

Note: Please see the unaudited pro forma financial information set out in Appendix II to this prospectus for further details regarding the assumptions used and the calculations method.

DIVIDEND AND DIVIDEND POLICY

During each of the three years ended 30 June 2011, 2012 and 2013, we declared dividends of approximately HK\$36.0 million, HK\$27.0 million and HK\$32.0 million, respectively. All dividends payable for each year during the Track Record Period had been settled as at the Latest Practicable Date. We currently intend to pay dividends of approximately 50% of our profits available for distribution beginning from the year ending 30 June 2014, to be made at the discretion of our Board. For details, please refer to the section headed “Financial information – Dividend and dividend policy” on page 201 in this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Share Offer (excluding net proceeds from the sale of the Sale Shares, after deducting the underwriting fees and other estimated expenses payable by us in connection with the Share Offer, and assuming an Offer Price of HK\$1.28 per Offer Share, being the mid point of the indicative Offer Price range) will be approximately HK\$33.7 million. As at the Latest Practicable Date, we intend to apply approximately 60% of such net proceeds to develop new exhibitions and consider potential acquisition opportunities, 30% to expand existing exhibitions, and remaining 10% for general working capital. Please refer to the section headed “Future plans and use of proceeds from the Share Offer” on page 205 in this prospectus for further details.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“Application Form(s)”	WHITE, YELLOW and GREEN application form(s), or where the context so requires, any of them, which is used in relation to the Public Offer
“Articles” or “Articles of Association”	the articles of association of our Company, conditionally adopted on 18 October 2013 and as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	our board of Directors
“business day(s)”	any day(s) (excluding Saturday(s), Sunday(s) and public holiday) in Hong Kong on which licensed banks are open for business throughout their normal business hours
“Business Good” or “Selling Shareholder”	Business Good Holdings Limited (商佳控股有限公司), a company incorporated in the BVI with limited liability on 3 April 2012 and was owned by Mr. Lee as to 93.2% and Mr. Cheung as to 6.8% as at the Latest Practicable Date; a Controlling Shareholder of our Company and the vendor of the Sale Shares
“BVI”	British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed “Further information about our Group – 3. Resolutions in writing of the sole Shareholder passed on 18 October 2013” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Mega Expo Holdings Limited, an exempted company incorporated in the Cayman Islands on 21 August 2012 under the Companies Law with limited liability
“connected person(s)”	has/have the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has/have the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Business Good and Mr. Lee, who held 93.2% of the total issued share capital of Business Good as at the Latest Practicable Date
“Director(s)”	director(s) of our Company
“Euro” or “EUR”	the Euro, the lawful currency of the member states of the European Union that have adopted the single currency of the Economic and Monetary Union of the European Union
“Expand Trade”	Expand Trade Investments Limited (拓貿投資有限公司), a company incorporated in the BVI with limited liability on 30 May 2012 and a direct wholly-owned subsidiary of our Company as at the Latest Practicable Date
“GDP”	gross domestic product
“German Legal Advisers”	Hogan Lovells International LLP, legal advisers of our Company as to German law
“GIIL”	Group Idea International Limited (集思國際有限公司), a company incorporated in the BVI with limited liability on 22 June 2006 and was wholly-owned by Mr. Cheung as at the Latest Practicable Date
“GIIL Group ”	GIIL, Kenfair Exhibition Limited and their subsidiaries, being beneficially directly or indirectly wholly-owned by Mr. Cheung as at the Latest Practicable Date

DEFINITIONS

“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “we”, “our” and “us”	our Company and our subsidiaries or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, the present subsidiaries of our Company, some or any of them at the relevant time
“HKCEC”	Hong Kong Convention and Exhibition Centre
“HKCEC Management”	Hong Kong Convention and Exhibition Centre (Management) Limited, a wholly-owned subsidiary of NWS Holdings Limited (Stock Code: 659), the shares of which are listed on the Main Board, an Independent Third Party
“HK eIPO White Form”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HKFRS”	Hong Kong Financial Reporting Standards promulgated by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKTDC”	Hong Kong Trade Development Council, a statutory body established in 1966 in Hong Kong for promoting, assisting and developing Hong Kong’s trade with places outside Hong Kong
“HK\$” or “HK dollar(s)” and “cent(s)”	Hong Kong dollar(s) and cent(s), respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of our Company
“Hong Kong Legal Counsel”	Mr. George T.Y. Hui, barrister-at-law and our legal counsel advising us on certain aspects of Hong Kong law
“i-MegAsia”	i-MegAsia Limited, a company incorporated in Hong Kong with limited liability on 17 March 2011, an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Idea Trade”	Idea Trade Limited (思貿有限公司), a company incorporated in the BVI with limited liability on 30 May 2012, an indirect wholly-owned subsidiary of our Company, and controlled by Mr. Lee prior to the Reorganisation
“Independent Third Party(ies)”	a person(s) or company(ies) which is/are independent of and not connected with any member of our Group or any of the directors, chief executive and substantial shareholders of our Company, our subsidiaries or any of their respective associates
“Industry Report”	an independent market research report commissioned by our Company and prepared by IPSOS Hong Kong Limited on the trade exhibition service industry in Hong Kong
“Internal Control Consultant”	HLB Hodgson Impey Cheng Risk Advisory Services Limited, our Group’s internal control consultant
“Joint Bookrunners” or or “Joint Lead Managers”	Convoy Investment Services Limited, Great Roc Capital Securities Limited and Halcyon Securities Limited
“KEL”	Kenfair Exhibition Limited, a company incorporated in Hong Kong with limited liability on 16 April 2009 and was indirectly wholly owned by Mr. Cheung as at the Latest Practicable Date
“Latest Practicable Date”	18 October 2013, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Listing”	the listing of our Shares on the Main Board
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares on the Main Board commences
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange and the options market

DEFINITIONS

“Mega Expo (Berlin)”	Mega Expo (Berlin) Limited (formerly known as Mega Berlin Limited), a company incorporated in the BVI on 8 May 2012 with limited liability and an indirect wholly-owned subsidiary of our Company
“Mega Expo (BVI)”	Mega Expo (Hong Kong) Limited (formerly known as Kenfair Exhibition (Hong Kong) Limited), a company incorporated in the BVI on 21 March 2011 with limited liability and an indirect wholly-owned subsidiary of our Company
“Mega Expo (HK)”	Mega Expo (Hong Kong) Limited (恆建展覽(香港)有限公司) (formerly known as Fine China Management Limited (華輝管理有限公司) and Kenfair Exhibition (Hong Kong) Limited (建發展覽(香港)有限公司) respectively), a company incorporated in Hong Kong on 11 March 2009 with limited liability and an indirect wholly-owned subsidiary of our Company
“Mega Expo Operations”	Mega Expo Operations Management Limited (恆建營運管理有限公司) (formerly known as Top Elite Management Limited (精英管理有限公司) and Kenfair Operations Management Limited (建發營運管理有限公司)), a company incorporated in the BVI on 2 January 2009 with limited liability and an indirect wholly-owned subsidiary of our Company
“Mega Expo (SG)”	Mega Expo (Hong Kong) Limited (Singapore Branch), a branch of Mega Expo (BVI) registered in Singapore on 16 April 2013
“Mega Expo Travel”	Mega Expo Travel Limited, a company incorporated in Hong Kong on 19 September 2012 with limited liability and an indirect wholly-owned subsidiary of our Company
“Mega Expo (USA)”	Mega Expo (U.S.A.) Limited (formerly known as Kenfair Exhibition (U.S.A.) Limited), a company incorporated in the BVI on 31 May 2011 with limited liability and an indirect wholly-owned subsidiary of our Company
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, as amended from time to time
“Mr. Cheung”	Mr. Cheung Shui Kwai, an Independent Third Party, who held 6.8% of the total issued share capital of Business Good as at the Latest Practicable Date
“Mr. Lee”	Mr. Lee Chi Sang, the founder of our Group, our chairman, chief executive officer, an executive Director and Controlling Shareholder
“New Heyday”	New Heyday Investments Limited, a company incorporated in the BVI on 19 March 2012 with limited liability and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Ningbo Partner”	a shareholder of Ningbo Tianyi as to 30% as at the Latest Practicable Date
“Ningbo Tianyi”	寧波天一甬港國際展覽有限公司 (Ningbo Tianyi Yonggang International Exhibition Limited*) established under the PRC law on 8 September 2009 with limited liability whose equity interest was directly held by Mega Expo (HK) as to 70% and Ningbo Partner as to 30%, and is in the course of arranging for voluntary deregistration, as at the Latest Practicable Date
“Offer Price”	the final price for each Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005% thereon) of not more than HK\$1.33 per Offer Share and is expected to be not less than HK\$1.23 per Offer Share at which the Offer Shares are to be offered for subscription/sale pursuant to the Share Offer
“Offer Shares”	the Public Offer Shares and the Placing Shares
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of our Company and the Selling Shareholder for cash at the Offer Price, with professional, institutional and private investors as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Shares”	the 54,000,000 Shares which comprise 44,000,000 new Shares initially being offered by our Company for subscription and 10,000,000 Sale Shares initially being offered by the Selling Shareholder for sale under the Placing subject to reallocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing expected to be entered into on or about the Price Determination Date, between our Company, the Selling Shareholder, the covenantors to be named therein (namely our Controlling Shareholders and our executive Directors), the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters, as further described in the section headed “Underwriting” in this prospectus

DEFINITIONS

“PRC” or “China”	the People’s Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, Macau and Taiwan
“PRC Legal Advisers”	Jingtian & Gongcheng Attorneys at Law, legal advisers of our Company as to PRC law
“Price Determination Agreement”	the agreement to be entered into between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Coordinator (acting on behalf of all the Underwriters) on or before the Price Determination Date to fix and record the Offer Price
“Price Determination Date”	the date, expected to be on or about Wednesday, 30 October 2013, on which the Offer Price is expected to be fixed for the purposes of the Share Offer and in any event no later than Monday, 4 November 2013
“Pro-Capital Group”	Pro-Capital Investments Limited, a company incorporated in the BVI with limited liability which was wholly-owned by Sino Resources (formerly known as Kenfair International (Holdings) Limited) as at the Latest Practicable Date, its subsidiaries and the following companies: (a) Kenfair International Limited, a company incorporated in Hong Kong which is now dissolved, a then subsidiary of Pro-Capital Investments Limited until September 2010; (b) Kenfair International (Overseas) Limited, a company incorporated in Hong Kong which is now dissolved, a then subsidiary of Pro-Capital Investments Limited until August 2013; and (c) Sino Talent Holdings Limited, a company incorporated in Hong Kong with limited liability and wholly owned by Sino Resources (formerly known as Kenfair International (Holdings) Limited) as at the Latest Practicable Date; each an Independent Third Party
“Profit Topmark”	Profit Topmark Limited, a company incorporated in the BVI on 6 April 2011 with limited liability and an indirect wholly owned subsidiary of our Company
“Public Offer”	the conditional offer of the Public Offer Shares by our Company for subscription by members of the public in Hong Kong for cash at the Offer Price, payable in full on application, on and subject to the terms and conditions stated herein and in the Application Forms
“Public Offer Shares”	the 6,000,000 new Shares initially offered for subscription under the Public Offer subject to reallocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus

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“Public Offer Underwriters”	the underwriters listed in the section headed “Underwriting – Public Offer Underwriters” in this prospectus, being the underwriters of the Public Offer
“Public Offer Underwriting Agreement”	the conditional public offer underwriting agreement dated 23 October 2013 relating to the Public Offer entered into by our Company, the covenantors named therein (namely our Controlling Shareholders and the executive Directors), the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, as further described in the section headed “Underwriting” in this prospectus
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing as described in the section headed “Reorganisation” in this prospectus
“Reporting Accountants”	HLB Hodgson Impey Cheng Limited, our auditors and reporting accountants
“Russia Legal Advisers”	Pepeliaev Group, legal advisers of our Company as to Russia law
“SAFE”	the State Administration of Foreign Exchange of PRC* (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration for Industry and Commerce of PRC* (中華人民共和國國家工商行政管理總局)
“Sale Shares”	the 10,000,000 Shares being offered by the Selling Shareholder for sale at the Offer Price under the Placing
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGD” or “S\$”	Singapore dollars, the lawful currency of Singapore
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 18 October 2013, a summary of the principal terms of which is set out under the paragraph headed “Other information – 15. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Hengjian”	深圳恒建展覽策劃有限公司 (Shenzhen Hengjian Exhibition Planning Limited*) (formerly known as 深圳建發創劃展覽策劃有限公司 (Shenzhen Jianfa Chuanghua Exhibition Planning Limited*), a wholly foreign-owned enterprise established under the PRC law on 30 November 2010 with limited liability whose equity interest is directly held by Mega Expo (HK) and an indirect wholly owned subsidiary of our Company
“Singapore BR Act”	Business Registration Act (Chapter 32) of Singapore
“Singapore Legal Advisers”	Stamford Law Corporation, legal advisers of our Company as to Singapore law
“Sino Resources (formerly known as Kenfair International (Holdings) Limited)”	Sino Resources Group Limited (formerly known as Kenfair International (Holdings) Limited), a company incorporated in the Cayman Islands with limited liability and an Independent Third Party, the shares of which are listed on the Main Board (Stock Code: 223)
“Sole Coordinator”	Halcyon Securities Limited, a corporation licensed under the SFO and permitted to carry on type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities, acting as the sole coordinator and one of the Joint Bookrunners and Joint Lead Managers
“Sole Sponsor”	Halcyon Capital Limited, a corporation licensed under the SFO and permitted to carry on type 6 (advising on corporate finance) regulated activities, acting as the sole sponsor of the Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance
“Substantial Shareholder(s)”	has/have the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as approved by the SFC and as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“TAO”	Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Tax Adviser”	HLB Hodgson Impey Cheng Taxation Services Limited, our Group’s tax adviser
“Track Record Period”	the period comprising the three financial years of our Group ended 30 June 2013
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“Underwriters”	the Placing Underwriters and the Public Offer Underwriters
“Underwriting Agreements”	the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
“US” or “U.S.A.” or “United States”	the United States of America
“US\$” or “US dollar(s)” or “USD”	United States dollars, the lawful currency of the United States
“US Legal Advisers”	Dorsey & Whitney, legal advisers of our Company as to the US federal laws and Nevada state laws
“sq.m” or “m ² ”	square metres
“%”	per cent

Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rates:

*US\$1: HK\$7.75
RMB1: HK\$1.20
SGD1: HK\$6.0
EUR1: HK\$10.47*

No representation is made that any amounts in US\$, RMB, SGD or HK\$ were or could have been converted at the above rates or at any other rates or at all.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown in totals in certain tables may not be arithmetic aggregation of the figures preceding them.

All times refer to Hong Kong time.

DEFINITIONS

The names of certain PRC laws and regulations and the companies or entities established in the PRC have been included in this prospectus in both the Chinese and English languages. The English names of these laws and regulations and companies and entities are only translation of their respective Chinese names for identification purpose and they are denoted with “”. In the event of any inconsistency, the Chinese version shall prevail.*

The English text of this document shall prevail over the Chinese text in case of inconsistency.

GLOSSARY

This glossary contains explanations of certain terms used in this prospectus as they relate to our Company and as they are used in this prospectus in connection with our business or us.

“Agent(s)”	sales agent(s) and/or exhibition service agent(s)
“Berlin Expo”	Asia Apparel Expo-Berlin, a trade exhibition held in Berlin, Germany, with exhibition theme on the product sectors of apparel and textiles
“consumer exhibition”	a business to consumer exhibition which is usually open to the general public
“Commodities Fair Fujian China”	中國福建商品交易會, a consumer exhibition held in Fujian, China with exhibition theme on consumer products
“Exhibition Related Services”	various exhibition management services provided to other exhibition organisers or project managers, which may include any one or more of the following services: on-site management service, booth management service, agency service as well as sub-management service which we assist the organiser to coordinate and manage the trade exhibition
“exhibition service agent(s)”	the agent(s) engaged by our Group which purchases the booths and resells the booths to exhibitors
“London Asia Expo”	a trade exhibition held in London, the United Kingdom with exhibition theme on the product sectors of gifts, premiums, housewares and toys
“Mega Shows”	Mega Show Part I and Mega Show Part II
“Mega Show Part I”	Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show, an annual trade exhibition held in the HKCEC with exhibition theme on the products sectors of gifts, housewares, premium and toys and games plus baby and child, glassware trends, gift wrap and packaging, and comprises Mega Show Part I Old Wing and Mega Show Part I New Wing
“Mega Show Part I New Wing”	the part of Mega Show Part I held in the new wing of HKCEC
“Mega Show Part I Old Wing”	the part of Mega Show Part I held in the old wing of HKCEC

GLOSSARY

“Mega Show Part II”	Mega Show Part II Giftware Housewares, Stationery, School & Office, an annual trade exhibition held in HKCEC with exhibition theme on the products sectors of gifts, home decorations, office and stationery to be held after Mega Show Part I and was formerly held under the name of ASIANA
“Ningbo Consumer Expo”	a consumer exhibition held in Ningbo, PRC with exhibition theme on consumer products
“sales agent(s)”	the agent(s) engaged by our Group which provides sales agency services for the exhibition organised or managed by us and receives commission in return for their services
“Singapore Asia Expo”	a trade exhibition, consisting of Asia Expo-Singapore and Fujian Commodities Expo-Singapore, held in Singapore with exhibition theme on the product sectors of gifts and premium, fashion accessories, housewares, toys and games, foodware, building material, sports and outdoor items
“trade exhibition”	a business to business exhibition that are organised for a specific industry which is usually open to traders or industry professional only
“Vegas Expo”	Las Vegas Asia Expo, a trade exhibition held in Las Vegas, Nevada, the United States, with exhibition theme on the product sectors of gifts and premiums, housewares, festive and seasonal, toys, games and stationery

FORWARD LOOKING STATEMENT

This prospectus contains forward looking statements that are not historical facts and, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. Forward looking statements can be identified by words such as “may”, “will”, “should”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “continue”, “seek”, “estimate” or the negative of these terms or other comparable terminology. Examples of forward looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward looking statements we make.

Forward looking statements are based on our current expectation and assumptions regarding our business, the economy and other future conditions. We can give no assurance that these expectations and assumptions will prove to have been correct. Because forward looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by forward looking statements. They are neither statements of historical facts nor guarantees or assurances of future performance. We caution you therefore against relying on any of these forward looking statements. Important factors that could cause actual results, performance or achievements to differ materially from those in the forward looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our ability to maintain and strengthen our position as an exhibition organiser;
- our goals and strategies;
- our investment and capital expenditure plans;
- our profit estimate and other prospective financial information;
- our ability to stay abreast of market trends and maintain commercially reasonable relationships with our customers and suppliers;
- our ability to retain core team members and recruit qualified and experienced new team members;
- expected growth in the exhibition industry in the global market; and
- the other factors that are described in the section headed “Risk factors” in this prospectus

Any forward looking statement made by us in this prospectus speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We do not intend to update or otherwise revise the forward looking statements in this prospectus, whether as a result of new information, future events or otherwise. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future developments or otherwise. All forward looking statements contained in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Offer Shares. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

RISKS RELATING TO OUR BUSINESS

The Mega Shows accounted for over 85% of our revenue for each of the financial year during the Track Record Period and if we could not continue our Mega Shows for any reason, our financial results would be adversely affected

Our Group has been providing project management and Exhibition Related Services to the Mega Shows. During the Track Record Period, revenue deriving from the Mega Shows accounted for approximately 95.9%, 87.6% and 88.4% respectively of our Group's revenue which is a substantial part of our Group's revenue. Our profits historically have been mainly derived from such exhibition. As at the Latest Practicable Date, we had entered into a licence agreement with HKCEC Management to organise the Mega Shows in October 2013 and 2014. Since our Group's principal source of revenue and cash inflow had during the Track Record Period been, and will for the foreseeable future continue to be, derived from the Mega Shows, our Group's ability to act as the organiser of the Mega Shows and the success of the Mega Shows is essential to our Group's working capital, profitability and business operations in the foreseeable future. We have recently ventured into organising various exhibitions in Germany, Singapore, and the US but we cannot assure you that we will be successful in sustaining or expanding these relatively new exhibitions. In the event we fail to diversify our source of income, our Group's profits will continue to rely on the Mega Shows heavily. Should our Group fail to convene the Mega Shows in accordance with its scheduled period and venue or be forced to cancel the Mega Shows for reasons entirely beyond the control of our Group or fail to convene the Mega Shows for whatever reasons in the foreseeable future, the operations and business of our Group as well as our expansion plan to organise our exhibitions throughout Asia and other parts of the world may be adversely and materially affected. We may also choose to refund the participation fee in case of cancellation of the Mega Shows to maintain a long term relationship with our exhibitors and exhibition service agents.

We rely on major venue provider which we do not enter into long term agreements with

During the Track Record Period, our Group provided project management and Exhibition Related Services to the Mega Shows which took place at HKCEC. For 2013 and 2014, our Group will become the licensee for the venue at HKCEC and HKCEC Management will become one of our largest suppliers. HKCEC Management will consider the entering into of licencing agreement for each event by negotiation process. There is no commitment between an applicant and HKCEC Management for entering into any licencing agreement in the future. As an organiser, we will also enter into various licence agreements with the respective venue providers of Singapore Asia Expo, Berlin Expo and Vegas Expo. It is our Directors' understanding that it is not the common practice for venue providers to enter into long term agreements for the occupancy of venue in the same time slot for more than one year and venue providers also will not guarantee the availability of the relevant venue. There is nothing to prevent competitors from booking our preferred venues and dates considered by our Group to be most attractive for our exhibitions. Therefore, there is no assurance that the owners of the venues will continue to grant the licence to the occupancy of

RISK FACTORS

venues to our Group in the future. Should our Group fail to maintain our business relationship with our venue providers and be unable to secure alternative venue providers who offer comparable venues, the operations and business of our Group may be adversely affected.

We experience seasonal fluctuation in our revenue and cash flow due to seasonality of business

Our results of operations are also affected by seasonal fluctuations. We generally experienced higher revenue contribution in October each year when the Mega Shows were held. For each of the three years ended 30 June 2013, due to our revenue recognition policy to recognise revenue from each exhibition only after completion of an exhibition, revenue derived from the Mega Shows, which was recognised in October each year represented approximately 95.9%, 87.6% and 88.4%, respectively, of our revenue in each year. Due to seasonal fluctuation of our revenue, our results of operations in any period of a year may not be indicative of the results that may be achieved for the year. Further, as we generally receive non-refundable deposits for the sale of booths when applicants submit their application form and the remaining balance at approximately six months before the exhibition is held, our cash flows from operations are relatively uneven throughout a financial year. As a result, our financial results may vary as we would record substantial revenue in the first half of a financial year. Due to the seasonal fluctuation of our revenue and our incurring of various expenses and other operating expenses throughout the year, our Group may record loss or net liabilities position in certain months and/or period during the year. Our Group recorded net liabilities as at 30 June 2013, and we cannot assure that it will not happen in the future.

We rely on limited number of Agents

During the Track Record Period, our Group relied on exhibition service agents which purchased our booths and resold our booths to exhibitors. During the Track Record Period, the revenue derived from the sale of booths to our exhibition service agents accounted for approximately 22.5%, 28.6% and 32.1% of our total revenue respectively. During the Track Record Period, the revenue derived from the sale of booths to our largest exhibition service agent accounted for approximately 12.8%, 12.7% and 12.4% of our total revenue respectively. Generally we enter into agreement with each of our exhibition service agents on a project basis and we do not have long term agreements with these exhibition service agents.

During the Track Record Period, our Group also relied on a group of major sales agents for procuring the sale of booths and recruiting exhibitors from Thailand, India and other parts of Asia for the trade exhibitions organised or managed by us. During the Track Record Period, the revenue derived from the sale of booths to exhibitors procured by our sales agents accounted for approximately 9.8%, 9.6% and 18.4% of our total revenue respectively. During the Track Record Period, the revenue derived from the sale of booths to exhibitors procured by our largest sales agent accounted for approximately 3.8%, 3.5% and 10.6% of our total revenue respectively. Generally, we enter into agency agreement with each of our sales agents on a project basis and we do not have long term agreements with these sales agents.

We cannot assure you that our existing Agents will continue to deliver performance to our satisfaction. Also, we cannot assure you that we will continue to enjoy close and successful business relationship with our Agents. Should our Group fail to maintain our business relationship with any of these major Agents and is unable to secure alternative Agents which are as competent as our existing Agents, we may not be able to secure the sale of our booths to our exhibitors as effectively and our operations and financial conditions may be adversely and materially affected.

RISK FACTORS

We rely on limited number of booth contractors

During the Track Record Period, our Group relied on a limited number of booth contractors, less than four booth contractors for our Mega Shows each year and one booth contractor each year respectively for each of our Singapore Asia Expo, Berlin Expo and Vegas Expo.

We cannot assure you that our existing booth contractors will continue to deliver performance to our satisfaction. Also, we cannot assure you that we will continue to enjoy close and successful business relationship with our booth contractors. Should our Group fail to maintain our business relationship with any of these booth contractors and is unable to secure alternative booth contractors which are as competent as our existing booth contractors, we may not be able to arrange construction of booths for our exhibitions as effectively and our operations and financial conditions may be adversely and materially affected.

We have limited control over the activities of exhibition service agents

We sell our booths to the exhibition service agents which would resell the booths to exhibitors (“**Downstream Exhibitors**”).

Our control over the activities of our exhibition service agents and the Downstream Exhibitors is limited. While we have direct contractual relationship with such exhibition service agents, we do not have direct oversight on their business activities including their selection and recruitment of the Downstream Exhibitors. They may also sell the booths to the Downstream Exhibitors at a price different from our standard booth price. While our exhibition service agents are required to provide the name and general business nature of the Downstream Exhibitors to us, we do not have a mechanism in place to screen the portfolio of such Downstream Exhibitors. There is no assurance on the quality of the Downstream Exhibitors and whether the product portfolio presented by such Downstream Exhibitors would fit into our exhibition. Moreover, we do not have any contractual relationship with the Downstream Exhibitors. We rely on our exhibition service agents to monitor the practices and behaviours of the Downstream Exhibitors in our exhibitions. In the event of mismatch of Downstream Exhibitors with our exhibitions or deviation from exhibition rules and regulations committed by the Downstream Exhibitors beyond our control, our brand and reputation and visitors’ perception of our exhibitions could be tarnished, which in turn could have a material adverse effect on our business, financial conditions, results of operation and prospects.

We recorded over HK\$24 million profit for each of the financial year during our Track Record Period but we may not be able to sustain our profit

For each of the three years ended 30 June 2013, our Group’s profit for the year was approximately HK\$25.9 million, HK\$24.9 million and HK\$25.9 million, respectively. Profit decreased by approximately 3.9% from approximately HK\$25.9 million for the year ended 30 June 2011 to approximately HK\$24.9 million for the year ended 30 June 2012 due to the percentage increase in various expenses and other operating expenses. We cannot assure you that we will be able to maintain such level of profits we recorded during the Track Record Period or achieve a better profit in the future. Our Group’s profit historically was mainly derived from various services provided in relation to the Mega Shows. However, due to the (i) physical restrictions on the area of the exhibition venue and hence the net exhibition space

RISK FACTORS

available in the venue; and (ii) the price for booths depends largely on prevailing market standard and may not be increased substantially, the growth of our Group's future profit, which is dependent on the contribution by the Mega Shows, is therefore limited. As part of our business strategy, we also plan to expand our exhibitions to other places in the world but there is no assurance that our intended strategies can be achieved or will be profitable. If we are not able to implement our expansion plans effectively, our competitiveness may be adversely affected and our future revenue and profitability will be further undermined.

We rely on key personnel and may not be able to retain their services

Our success is, to a large extent, attributable to the vision and leadership of our founder, Mr. Lee and the continued commitment of our Directors and our Group's other key personnel. We believe that the extensive experience of our management team, their industry knowledge, in-depth understanding of the market and well-established relationship with exhibitors, venue providers, service providers and our business associates and industrial associations, enable us to assess the market trends and requirements of exhibitors and visitors, as well as to evaluate and manage our exhibitions efficiently. The future success of our Group will depend on the continued involvement, efforts, performance and abilities of our key personnel as a whole. There can be no assurance that our Group will be able to retain the services of our executive Directors or the services of our other key personnel and continually to tap on their leadership skills. If we are unable to retain our key personnel or attract and engage a suitable replacement on a timely and commercially viable basis, it may result in the loss of strategic leadership, disruption or delay to business operation, which could have a material adverse effect on our Group's business, operations and financial conditions.

Our business strategies may not materialise and future growth could be limited

The business strategies as set out in the section headed "Business – Business strategies" in this prospectus represent the targets, objectives, and future plans of our Group. Such targets, objectives, and plans are by their nature subject to uncertainty and our Group's actual course of business may vary from our business strategies as set out in this prospectus, depending on whether all the assumptions will hold true in the future and whether new circumstances which did not exist when the business strategies are determined by our Directors will arise in the future. As such, there can be no guarantee that the plans of our Group will materialise or that our business strategies will be successfully implemented. For instance, we expect to incur significant costs in connection with our business strategies of expansion on existing trade exhibitions and development of new trade exhibitions and this could put significant strain on our management and operational resources. We cannot give assurance that our resources will be adequate to support our future growth. Future growth could also be limited to the space and availability of each exhibition venue and available exhibition dates. Failure to execute our expansion strategy effectively may lead to increased costs, operational inefficiencies and reduced profitability, which could in turn have a material adverse effect on our business, financial conditions and results of operations.

RISK FACTORS

Failure to maintain our organised/managed exhibitions' reputation and brand name could materially and adversely affect our business

We believe that the reputation and brand name of our organised/managed exhibitions that we have built up over the Track Record Period play a significant role in enabling us to obtain business from referrals as well as to attract new exhibitors and visitors. We believe the building up and enhancement of our reputation and brand name depend largely on, among others, our organised/managed exhibitions' credibility among exhibitors and visitors, venue providers in the industry which has been developed over the years, our ability to provide one-stop services to meet the requirements of our exhibitors and our Group's network of sales agents and exhibition service agents, and support from local trade or government organisations. In particular, the relevant trade or government organisations would provide funding incentives to selected exhibitors who participated in the exhibitions organised or managed by us during the Track Record Period. We believe such cooperative arrangement also enhance our reputation in such places. If we fail to maintain our organised/managed exhibitions' reputation among our exhibitors, visitors, and venue providers or if they should no longer perceive the exhibitions organised or managed by us with high credibility for whatever reason, our organised/managed exhibitions' reputation and brand name could be adversely affected and which, in turn, could affect our ability to maintain existing or capture future business opportunities. There is also no assurance that our past or existing exhibitors will continue to participate in the exhibitions organised or managed by us or to refer new or potential exhibitors to us. In the event our existing exhibitors, visitors and venue providers cease to participate in or visit the exhibitions organised or managed by us or work with us, our Group's business, financial conditions and results of operations would be adversely affected.

There is no assurance that the demand for exhibition organisation services will continue to grow or sustain

There can be no assurance that the demand for exhibition organisation services from exhibitors/visitors will continue to grow in Hong Kong, the PRC or other parts of the world. Any adverse developments in international or local economic conditions may affect the participation rate or the number of exhibitors for a particular exhibition which, in turn, may reduce the number of visitors which participate in the exhibitions organised or managed by us, and would have a material adverse effect on our Group's results of operations and financial conditions.

Our Group's exhibition organisation and management services for the Mega Shows and other exhibitions organised or managed by us are provided to exhibitors which participate in trade exhibitions and are mainly manufacturers engaging in the gifts, premiums, toys, and household products and garment and apparel products in the PRC, Hong Kong, India, Thailand, Taiwan and other parts of Asia. Hence, our business and prospects is particularly dependent on the performance of manufacturers in the PRC and other parts of Asia. If the economy of the PRC and other parts of Asia significantly deteriorates, manufacturers in these regions may not continue to operate which would decrease the number of exhibitors in exhibitions organised or managed by us which in turn could have an adverse effect on our business. If there is any material downturn in the industries of any of the exhibitors and visitors for exhibitions organised or managed by us, the number of exhibitors and visitors participating in the exhibitions organised or managed by us may decrease and our Group's business, financial conditions and results of operations could also be adversely affected.

RISK FACTORS

There is no assurance that our Group will continue to be successful in organising the Mega Shows, Singapore Asia Expo, Berlin Expo, or Vegas Expo, or successful in expanding our exhibitions to other places in the world

Since 2009, our Group began to act as the project manager and also provided Exhibition Related Services for the Mega Shows. In 2009, the Mega Shows together had approximately 4,474 exhibitors and 66,671 visitors. In 2010, the Mega Shows attracted approximately 4,641 exhibitors and 68,629 visitors. The Mega Shows in 2011 and 2012 recorded a total of approximately 4,345 exhibitors, and 66,891 visitors and 4,236 exhibitors, and 57,139 visitors respectively.

However there can be no assurance that the number of exhibitors and visitors will be maintained or grow in the future for any of the exhibitions organised or managed by us. We may not be successful to recruit sufficient or suitable exhibitors for the trade exhibitions organised or managed by us in the future; which would discount the attractiveness and quality of such exhibitions and in turn, would adversely affect the reputation and brand name of our organised/managed exhibitions. If we are not able to retain existing exhibitors and visitors or unable to attract new exhibitors or visitors for the exhibitions organised or managed by us, the financial conditions and results of operations of our Group may be materially and adversely affected.

Also, there is a risk that for the first few years of a newly organised exhibition, losses may be incurred. During the Track Record Period, some of the new exhibitions organised/managed by us did not contribute any significant profit.

As at the Latest Practicable Date, we scheduled to organise exhibitions in Germany, Hong Kong, Singapore and the US. It is our intention to expand our exhibitions to other places in the world but there is no assurance that we can successfully expand our business to such places or that we will be able to attain the same level of success in such future endeavours. If we are not able to implement our expansion plans effectively, our competitiveness may be adversely affected.

The use of exhibition names that are same or similar to our exhibition names by other parties may have a negative impact on the goodwill, value and images of our trade exhibitions

We have not registered our exhibition name “Mega Show” as trademark in Hong Kong. We are therefore susceptible to the risk that other parties may misappropriate our exhibition name and hold trade exhibitions under the same or similar exhibition name, and such activities may cause confusion among the exhibitors and visitors. Our control over the quality of trade exhibitions organised by third parties which use exhibition names similar to ours is limited. The goodwill and value of our trade exhibitions, public perception of our trade exhibitions and reputation may be adversely affected by the inferior quality of the trade exhibitions organised by the third parties which use exhibition names similar to ours. A negative perception of our trade exhibitions and reputation could have a material adverse effect on the participation rate of our trade exhibitions, and therefore on our business, financial conditions and results of operations.

RISK FACTORS

Also, there can be no assurance that such misappropriation of our exhibition name will not happen in the future. We may initiate legal proceedings to defend against unauthorised use by third parties. However, the outcome of any legal actions to protect our brand name may be uncertain. These legal proceedings may be time-consuming and could result in substantial costs and diversion of our Group's resources.

The reputation and brand name of our organised/managed exhibitions may be affected by instances of misconduct involving breach of intellectual property rights by our exhibitors

We do not have direct control on our exhibitors in relation to their product offerings shown in the exhibitions. It is therefore possible for our exhibitors to by-pass us and display counterfeited products in exhibition(s) organised or managed by us. There is no assurance that our Group will be able to detect the display of counterfeit products in the exhibitions organised or managed by us in a timely manner or at all. Further, it is not always possible to detect and prevent these misconducts committed by our exhibitors. If we fail to do so, and such unauthorised acts or non-compliance are not identified and rectified in a timely manner, the reputation and brand name of our organised/managed exhibitions may be materially and adversely affected as could our business, financial conditions and results of operations.

Our Group is subject to certain foreign exchange risks as we trade in other currencies due to our exhibitions being held in different jurisdictions

During the Track Record Period, substantially all of our Group's income was denominated in Hong Kong dollars but we have also transacted in other currencies such as RMB and USD for exhibitions in other areas. Accordingly, our Group's profitability could be adversely affected in the event of any unfavourable fluctuation in the trading currencies of our Group's sales and purchases. Our Group has not entered into any foreign currency forward exchange contract for the purpose of hedging against foreign exchange risks involved in our Group's operations. As such, our Group is exposed to risks associated with currency conversion in the foreign exchange market and this may adversely affect the profitability of our Group.

We cannot assure you that we will declare dividends in the future

During the Track Record Period, our Group declared dividends of approximately HK\$36.0 million, HK\$27.0 million and HK\$32.0 million, respectively, representing approximately 138.2%, 107.8% and 122.3% of our profit attributable to owners of our Company, respectively. We cannot assure you, however, that in the future, our Group will pay dividends at a similar level to past dividends, or at all, and potential investors should be aware that the amount of dividends our Group paid in the past should not be used as a reference or basis upon which future dividends are determined.

The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, and will depend upon, among other things, our earnings, cash flow requirements, financial condition, capital requirements, statutory fund reserve requirements and other relevant factors prevailing at the time.

RISK FACTORS

There may be cost fluctuations of our suppliers which we may not be able to pass on to our exhibitors

The price for booths for exhibitions depends largely on prevailing market standard and may not be increased substantially. If we increase the booth price for exhibitions organised or managed by us substantially, exhibitors may decide not to participate in the exhibitions organised or managed by us which may decrease our revenue for the year. However, there may be costs fluctuations of our suppliers, such as our venue providers, booth contractors and advertising agents, as these industries could have a substantial fluctuation in their supply costs, which we would need to bear, but may not be able to increase booth prices substantially to mirror the increase of our costs, as this may deter exhibitors to participate in the exhibitions organised or managed by us. Therefore, we may not be able to pass on our increased costs to our exhibitors, and which may have a material and adverse effect on our financial conditions and business operations.

Feasibility studies of our new exhibitions are conducted more than one year prior to the exhibition and may not be an accurate forecast of market needs

For a new exhibition that our Group proposes to organise, planning typically starts with an exhibition proposal followed by feasibility studies. Various factors such as the theme of the proposed exhibition, the market segment(s) to which the proposed exhibition will target, potential visitors and exhibitors for the exhibition, timing, location, pricing, venue and available facilities will be examined to determine whether the proposed exhibition is financially and commercially feasible.

As our feasibility studies are usually carried out more than one year prior to the proposed exhibition time in order for us to have the necessary time for preparation of a new exhibition, there may be risks that the market demands of the exhibition may not be the same as we forecasted in our feasibility studies. If the actual exhibition does not respond as well as what we have expected based on our feasibility studies due to changing market conditions, local regulations or global economy during the period between our feasibility studies and our exhibition, our financial conditions and business operations may be materially and adversely affected due to our investment into the exhibition.

There may be possibility of refund of receipts in advance to the exhibitors in case any exhibition has to be cancelled, curtailed, or postponed for whatever reason

The rules and regulations set out in the application forms of our exhibitions stipulated that the participation fee paid by applicants shall be non-refundable. However, due to our Group's intention to maintain a long term relationship with our exhibitors and exhibition service agents, we may consider to exercise our discretion to refund the participation fee already paid by them, less the related administrative expenses, marketing, promotional and advertising expenses incurred by us, in the event there is cancellation or postponement of our exhibitions. In the event our Group decides to refund the deposit or amount paid by the exhibitors and the exhibition service agents when there is a cancellation or postponement of our exhibitions, our financial conditions may be adversely affected.

RISK FACTORS

We did not timely make social insurance fund contributions for some of our employees in full

Shenzhen Hengjian is required under the relevant PRC laws and regulations to declare the social welfare amount based on the actual salaries of their respective employees and to contribute to employee social welfare schemes, such as pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance (together, “**social insurance**”) for the benefit of their respective employees. During the Track Record Period, Shenzhen Hengjian did not make social insurance fund contributions in full for its respective employees as required under the relevant PRC laws and regulations.

According to our PRC Legal Advisers, under the relevant PRC laws, regulations and local policies, Shenzhen Hengjian might be required to make retrospective payment of all outstanding social insurance contributions within a prescribed period of time. Shenzhen Hengjian might also be liable to an overdue penalty of 0.05% of the outstanding social insurance contributions per day as from the due date on which the social insurance contributions should have been made until the date when such outstanding social insurance contribution is made to the relevant authority in full. Besides, Shenzhen Hengjian might be ordered to rectify the declared social welfare amount based on the actual salaries of their respective employees and might be penalised to pay a fine in an amount which is equivalent to one to three times of the undeclared salaries.

The estimated aggregate amounts of outstanding social insurance contributions of Shenzhen Hengjian were approximately RMB90,639 as at the Latest Practicable Date. In the event that Shenzhen Hengjian is required to pay up the unpaid social insurance contributions or any penalty imposed on it, our financial position could be adversely affected.

For details of our non-compliance with relevant laws and regulations relating to social insurance, please refer to the section headed “Business – Historical non-compliance – Non-compliance with PRC social insurance fund contribution requirements” in this prospectus.

We did not register our business and obtain the necessary business licence qualifications in the course of our operations in some jurisdictions during the Track Record Period

During the Track Record Period, our Group organised the first and second Singapore Asia Expo in November 2011 and November 2012 respectively (the “**Previous Singapore Asia Expos**”) and Vegas Expo in August 2012.

As advised by our Singapore Legal Advisers and our US Legal Advisers, we may be subject to various business registration requirements for conducting business under the laws and regulations of Singapore and the US, respectively. For further details of the said laws and regulations, please refer to the section headed “Regulations” of this prospectus.

During the Track Record Period, we did not register our business, qualify to do business and/or obtain a business licence (as the case may be) as required by respective laws, rules and regulations while we organised trade exhibitions in Singapore and the US. For further details, please refer to the section headed “Business – Historical non-compliance” in this prospectus.

RISK FACTORS

Our US Legal Advisers advised that we would be subject to a penalty in the amount of US\$100 in the event we fail to obtain a Nevada state business license and a court finds that we were required to obtain such a license. Moreover, our US Legal Advisers also advised that we would be subject to a fine of not less than US\$1,000 but not more than US\$10,000 for failing to qualify to do business in Nevada before conducting any business and a court finds that we were indeed conducting business in Nevada. In addition, a corporation that fails or neglects to comply with the requirements of qualification may not commence or maintain any action or proceeding in any court in Nevada, unless and until the corporation comes into compliance.

Our Singapore Legal Advisers advised that we might be taken as having carried on business in contravention of the Singapore BR Act when we organised the Previous Singapore Asia Expos. The maximum penalty shall be a fine not exceeding S\$5,000 or imprisonment for a term not exceeding 12 months or both.

If any or all of the above actions are taken by the local authority, we may be required to pay the imposed fine in addition to imposition of a custodial sentence on our Directors or any other relevant officers and our financial position could be affected. Furthermore, if there is any legal dispute between any of our customers or suppliers in connection with the Vegas Expo held in August 2012, we may not be able to commence or maintain any action or proceeding in any court in Nevada, unless and until we come into compliance with the applicable US and Nevada laws, rules and regulations. Also, regarding the Previous Singapore Asia Expos, the Singapore BR Act does not stipulate that *ex post facto* registration of a business, which had been conducted previously without the necessary registration, operates as a waiver of previous breaches of the legislation. Thus, notwithstanding the fact that Mega Expo (SG) was registered in Singapore as a branch of Mega Expo (BVI), there is no assurance that it will not be penalised in respect of the Previous Singapore Asia Expos.

Furthermore, if our Group is taken as carrying on a business in Singapore, it may be subject to a corporate tax rate of 17% based on income earned in the year prior to the year of assessment. The general penalty for non-compliance is a fine not exceeding S\$1,000 and in default of payment, imprisonment for a term not exceeding six months. Additionally, if a company, without reasonable excuse, has a tax return that is outstanding for two years or more, it may be subject to a penalty that is twice the amount of tax that the Inland Revenue Authority of Singapore may assess for that year of assessment. In the event that our Group is taken as carrying on a business in Singapore, there may be a risk that a penalty for non-compliance may be imposed for our Previous Singapore Asia Expos for payment of corporate tax. In the event our Group is taken to have carried on business in Singapore and needs to pay corporate tax in respect of the Previous Singapore Asia Expos, the amount would be approximately HK\$17,000. Furthermore, if our Group is taken as carrying on business in the US, we may be subject to a federal tax and branch profits tax. As advised by our US Legal Advisers, the failure to file a timely return could result in denial of deductions in addition to penalties. As at the Latest Practicable Date, and according to the Tax Adviser, the relevant Singapore tax filing and US tax filing is in progress.

Provision of travel arrangement to exhibitors under the Travel Agents Ordinance

During the Track Record Period, member(s) of our Group assisted exhibitors to reserve hotel accommodation and to arrange for hotel accommodation/airline transport. According to section 9 of the

RISK FACTORS

TAO, no person shall carry on business as a travel agent without a licence issued by the Registrar of Travel Agents. By section 48 of the TAO, a person contravening this requirement is guilty of an offence and is liable on conviction to a fine and imprisonment. By section 49 of the TAO, if the requirement is being contravened by a body corporate with the consent, connivance or neglect of an individual who is a controller, director, manager, secretary or similar officer of that body corporate, the individual is also guilty of the like offence.

As advised by our Hong Kong Legal Counsel, we may be subject to a penalty, which is likely to be less than HK\$10,000, if our above actions are considered as carrying on travel agency businesses without a licence under the TAO and we are convicted of an offence under the TAO.

Our Director and employees of our sales department receiving funds from exhibitors in the PRC and remitted back to our Group which may contravene foreign exchange control regulations in the PRC

During the Track Record Period, some of the exhibitors located in the PRC in relation to exhibitions of our Group had remitted their amounts payable to us (which comprised mainly exhibition participation fees, and fees for additional facilities such as extra chair(s), table(s) or decoration(s) provided to the exhibitor(s) during the exhibition period as requested by the exhibitor(s)) in RMB to personal bank account(s) of our Director or certain employees of our sales department instead of the bank accounts of our Group operated in Hong Kong for convenient purposes. The Director or certain employees of our sales department would, in turn, transfer by using personal cheques or bank transfer to pay an equal amount of funds from their respective personal bank account to the bank account of our Group located in Hong Kong (the “**Personal Arrangement**”).

The total amount involved in the Personal Arrangement amounted to approximately HK\$1.30 million, while for each of the four years ended 30 June 2013, the amount involved in the Personal Arrangement were approximately HK\$320,000, HK\$230,000, HK\$220,000 and HK\$530,000 respectively. Taking into account that the revenue of our exhibitions were recognised upon completion of each exhibition, the amount involved in the Personal Arrangement represented approximately nil, 0.29%, 0.07%, 0.24% of our total revenue respectively for each of the four years ended 30 June 2013. The Personal Arrangement had ceased since 1 January 2013.

According to the relevant PRC laws and regulations and as advised by our PRC Legal Advisers, as the total amount involved in the Personal Arrangement was less than USD200,000 and the amount of gains through the Personal Arrangement was less than RMB50,000, the activities involved in the Personal Arrangement would not be subject to criminal sanction in the PRC. As further advised by our PRC Legal Advisers, the Personal Arrangement may be subject to and in breach of the relevant foreign exchange control regulations in the PRC, the result of which, as advised by our PRC Legal Advisers, is that our Group might be ordered to convert the funds used in contravention of such regulations back into the original currency by the relevant foreign exchange administrative authority and be fined up to 30% of the amount involved.

If any or all of the above actions are taken by the relevant PRC governmental authority, our financial conditions and business operations will be affected.

RISK FACTORS

RISKS RELATING TO THE INDUSTRY

Licence for the venue is signed in advance prior to scheduled date for the exhibitions

Licence for the venue of our trade exhibitions is usually signed in advance, ranging from six months to a year prior to the scheduled date of our exhibitions. Our Group will be required to make instalment payments for the licence prior to the scheduled date of our exhibitions, which may affect our Group's cashflow position. Also, if our Group subsequently decides not to proceed with organising the relevant exhibition, there is no assurance and guarantee that our Group could get full refund or any refund of the payments which have been made to the venue provider. During the Track Record Period, our Group entered into an agreement with a venue provider in London to hold an exhibition for gifts, premiums, household products in January 2012. However, due to the then market conditions in Europe, the exhibition was cancelled and our payment in the amount of approximately HK\$2.3 million already made to the venue provider was forfeited.

If in the future we have made full payment to the venue provider of our exhibitions, but due to market conditions we have to postpone or cancel our exhibitions altogether without any refund of payments already made to the venue provider, our cashflow position may be negatively affected, and our financial conditions and business operations may also be adversely affected.

Intensive preparatory work and advance cash payments required for organising or managing exhibitions

In preparation for an exhibition, our Group has to carry out intensive preparatory work in cooperation with exhibitors, venue providers, service providers and other participants in the exhibition industry. More importantly, significant amount of payments have to be made by our Group for booking a suitable venue as exhibition venue providers typically require a cash deposit which ranges from 10% to 50% of the total rental in advance for each booking, and for marketing and promotional activities including advertising through various channels and designing and printing of various promotional materials. During the Track Record Period, the aggregate expenses of exhibition rentals and advertising and promotion expenses amounted to approximately HK\$10.6 million, HK\$15.6 million and HK\$13.2 million respectively. Exhibition rentals will further increase as our Group will take up the role as the organiser of the Mega Shows to be held in October 2013. Since our Group accepts deposits for booth rental from some exhibitors only after part of the aforesaid preparatory work performed and relevant expenses incurred, as applicants are required to pay a 50% non-refundable deposit to our Group upon submission of the application form and the remaining balance at approximately six months before the date of the exhibition, there is cash flow mismatch and our Group has to make advance cash payments before receiving any deposits from such exhibitors.

In the event that a proposed exhibition fails to materialise as planned, which may be because that a suitable venue is not available at the times preferred by our Group, or our Group fails to complete preparatory works on time, or does not have sufficient cash to book an exhibition venue, our Group's business may be adversely affected.

RISK FACTORS

Our industry is highly competitive and we may lose market share if we do not compete successfully

Our Group faces keen competition from existing international and local exhibition organisers or managers which have developed and provided exhibition organisation or management services similar to those offered by our Group. Our Group competes with existing exhibition organisers and managers in terms of the price of exhibition booths, size and participation rates of exhibitions. To expand our business in Asia and other parts of the world, our Group will also have to compete with exhibition organisers and managers in the places where we seek to expand our business to. Our Group may face competition from other exhibition organisers or managers if we seek to establish new exhibitions relating to industries which we are not familiar with but in which competitors have experience.

The profitability and future growth of our Group may be adversely and materially affected if competition in the exhibition industry increases or if our Group fails to consolidate our position in the industry.

In addition, various trade exhibitions are held during the year and may be under the same theme in the same industry. In cases where exhibitors participate in several trade exhibitions every year, they may cut down on the booth size or on their overall budget spent on each exhibition in order to participate in more exhibitions. If our existing exhibitors decide to participate in other exhibitions in the future and cut down on the budget designated for the exhibitions organised or managed by us and even cease to participate in such exhibitions, our financial conditions and business operations may be materially and adversely affected.

Our industry has low entry barrier and we are subject to potential competition

Save for certain licensing requirements of certain exhibitions and other entry barriers such as recognised brand name and reputation, established relationships, industry experience and capital requirements, there is no major entry barrier to the industry in which we operate, nor is there other major entry barriers for new competitors to participate in the relevant business.

However, our Group has no exclusive rights in organising or managing similar themes of the Mega Shows and other exhibitions currently organised or managed by us. The growth potential in the exhibition industry as well as the low entry barriers may attract exhibition organisers from other countries. Our Group's business is therefore subject to potential competitions with new entrants in the industry while our Group also expects to face continuing competition from its existing competitors in the future. Our Group's competitors may have access to substantially greater financial and marketing resources, longer operating histories, better brand recognition and more established relationships in the industry than our Group. There is no assurance that our Group will be able to compete successfully in the future against other participants in the industry. Under those circumstances, the competitiveness, the growth and profitability of our Group would be adversely and materially affected.

Shortage of quality exhibition venues

During the Track Record Period, there were 69, 65 and 62 exhibitions held at HKCEC by different exhibition organisers. Although there are different venues for holding exhibitions in Hong Kong and in other parts of the world, venues which we consider qualified and suitable for holding our exhibitions are limited. In determining a suitable venue for our proposed new exhibition, our Group will narrow down our choices to a few locations within a region.

RISK FACTORS

As market demand may determine the number of exhibitions held by different organisers each year, and as mentioned above, venue providers usually enter into licence agreement with us every year for the provision of exhibition venues, we cannot guarantee that we could secure a good and suitable venue if there is intense demand for a venue during a particular year. If we could not secure the proper venues for our exhibition(s) for the year, for example, if we cannot procure HKCEC Management to provide the venue for our occupancy for organising the Mega Shows at HKCEC, the number of exhibitors and visitors for such exhibition may decrease substantially and our financial conditions and business operations may be materially and adversely affected.

Our industry is subject to global economic and market conditions and our business may be adversely affected in the event of significant deterioration and volatility in the global financial markets

Our business is subject to global economic and market conditions. Slowing economic growth or recession may put strain on our exhibitors' budget for promoting their products in the trade exhibitions.

In the event of significant deterioration and volatility in the global financial markets and extreme economic downturn, the participation rate and participation range of exhibitors in the exhibitions organised or managed by us may be severely affected and this in turn will adversely affects our sales and profitability, our business, financial conditions as well as affecting our expansion strategies. It is not foreseeable how our exhibitors would perceive or react in the event of slowing economic growth or recession and there is no assurance of a positive demand on exhibition organising services under those circumstances.

Our operations could be affected by terrorist attack, natural disaster, contagious diseases or other events beyond our control

Similar to many other businesses, our operations could be adversely affected or disrupted by terrorist attack, natural disasters such as earthquake, flood, fire, typhoons or other natural disaster, outbreak of contagious diseases or other events including but not limited to:

- invasion, act of foreign enemies, rebellion, revolution, insurrection, military or usurped power, war and radio-active contamination;
- riot or commotion;
- denial of the use of any railway, port, airport, shipping service or other means of public transport; and
- strike or lock-out or other industrial action by workers or employers.

For example, in early 2003, several economies in Asia, including China, were affected by the outbreak of severe acute respiratory syndrome, or SARS. In 2013, there has been an outbreak of H7N9 which has affected some regional economies in China. Moreover, in April 2013, terrorist attacks were reported in Boston, Massachusetts, the US. These threats had a negative impact on many businesses in parts of the US and China due to reduced business travel to and from such areas. These would adversely affect the business plan of our exhibitors, visitors and international trade which would, in turn, adversely affect our business and could cause disruption to our operation in part or in whole and may materially affect our financial conditions and results of operations.

RISK FACTORS

RISKS RELATING TO THE PRC

Political and economic policies of the PRC government could affect our business

Our results, financial conditions and prospects are to a significant degree subject to the economic, political and legal developments of the PRC, as a proportion of our revenue is derived from exhibitors from the PRC and we have participated in trade exhibitions in the PRC during the Track Record Period and may do so again in the future. We also have one operating subsidiary in the PRC. The economic, political and social conditions, as well as government policies, including taxation policies, of the PRC, could affect our business. The PRC economy differs from the economies of other countries in many respects. The PRC economy has historically been a planned economy and has been in a transitional stage to a more market-driven economy. Although the PRC government has implemented measures emphasising the use of market forces for economic reform in recent years, there can be no assurance that economic, political or legal systems of the PRC will not develop in a way that is detrimental to our business, results of operations and prospects.

Judgments obtained from non-PRC courts may be difficult to be enforced in the PRC

Our Group has two subsidiaries in the PRC. A judgment from a court of another jurisdiction may be reciprocally recognised or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of any other requirements. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the US, the UK and most other western countries. Therefore, it may be difficult for you to enforce against us or our Directors or officers in the PRC any judgments obtained from non-PRC courts.

On 14 July 2006, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil or Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). However, under this arrangement, investors are reminded that only an enforceable final judgment requiring payment of money arising out of a commercial contract with an exclusive jurisdiction clause and granted by Hong Kong courts may be recognised by PRC courts, subject to the requirements and restrictions set forth in the arrangement.

Uncertainties regarding interpretation and enforcement of the PRC laws and regulations may impose adverse impact on our business, operations and profitability

Although many laws and regulations have been promulgated and amended in the PRC since 1978, the PRC legal system is still not sufficiently comprehensive when compared to the legal systems of certain developed countries. The interpretation of the PRC laws and regulations may be influenced by momentary policy changes reflecting domestic, political and social changes. In addition, it may also be difficult to enforce judgments and arbitration awards in the PRC.

RISK FACTORS

Many laws and regulations in the PRC are promulgated in broad principles and the Central People's Government has gradually laid down implementation rules and has continued to refine and modify such laws and regulations. As the PRC legal system develops, the promulgation of new laws or refinement and modification of existing laws may affect foreign investors. There can be no assurance that future changes in legislation or the interpretation thereof will not have an adverse effect upon our business, operations or profitability.

RISKS RELATING TO HONG KONG

Political considerations of Hong Kong may have material adverse effect on our business and financial condition

The business operations of our Group are mainly based in Hong Kong. Hong Kong is a special administrative region of the PRC with its own government and legislature. Under the Basic Law, Hong Kong is entitled to a high degree of autonomy granted by the PRC under the principle of "one country, two systems". However, there is no assurance that Hong Kong will continue to enjoy its current level of autonomy from the PRC, and if it does not, this could have a material adverse effect on our business and financial conditions.

Any adverse change in the economic conditions of Hong Kong may adversely affect our operating results

Our performance is dependent on the overall state of economy in Hong Kong where the headquarters of our Group is based in and the Mega Shows is being held in. Any adverse change in the economic conditions in Hong Kong could reduce demand for our services and could have an adverse impact on our Group's business and financial conditions, thus adversely affecting our operating results.

RISKS RELATING TO OTHER JURISDICTIONS

The introduction of any new policies, laws and regulations, or changes to the existing policies, laws and regulations, in Singapore may have a negative effect on our business and exhibition we organise in Singapore

Singapore policies, laws and regulations govern the exhibition we organise in Singapore. The Singapore economy continues to evolve and the Singapore government is likely to develop the policies, laws and regulations in Singapore so as to meet the changing needs of the economy. Any changes in policies by the Singapore government may lead to changes in laws and regulations or interpretation thereof, as well as changes in import and export restrictions and taxation policies. Should the laws and regulations applicable to our business and the exhibition we organise in Singapore become more stringent in the future, they may restrict our ability to operate at the same level or require us to incur unanticipated liabilities or additional compliance costs, which may in turn have a negative effect on our business and exhibition we organise in Singapore.

RISK FACTORS

We may be unable to continue to obtain external funding support

We obtained funding support from the Singapore Tourism Board (the “**STB**”) through the Business Event in Singapore (BEiS) Incentive Scheme for the first Singapore Asia Expos we organised in November 2011. As such funding support is provided only upon the fulfilment of certain evaluation criteria and deliverables, we may not be able to obtain the same financial assistance for future exhibitions that we organise in Singapore if we are not able to satisfy the necessary requirements imposed by the STB. A failure to obtain external funding support, whether from the STB or such other relevant authority or agency (as the case may be), may result in an increase in our operational costs, which may lead to an adverse impact on our financial performance.

External factors may affect the Singapore MICE industry

External factors such as an economic slowdown, terrorist threats and attacks, or an outbreak of war or any contagious or virulent diseases in Singapore and/or the surrounding region (e.g. SARS or avian flu) could lead to the postponement or cancellation of exhibitions and events. The occurrence of such external factors will affect our business and accordingly, have a material negative impact on our financial performance.

Typical regulatory risks resulting from the organisation of exhibitions in Germany

For organising exhibitions in Germany, our Group requires either a licence (“**Licence**”) from the regulatory agency of the competent municipality or we have to make a notification (“**Notification**”) to such competent authority. It cannot be assured that our Group fulfils the prerequisites for obtaining a Licence in the future. In such case, we would have to make a Notification. If circumstances and facts are given to prove that our Group or our Group’s representative, who is instructed by us to manage the exhibition, is unreliable and if such prohibition of the exhibition is necessary in order to protect public interests or relevant employees, then the competent authority could prohibit the organisation and conduct of an exhibition in Germany.

Furthermore, if our Group does not receive a Licence in the future and irrespective of having made a Notification, every exhibitor who presents its products at our exhibition in Germany will require a so-called “itinerant trade license”. Failure to hold such itinerant trade license can result in a penalty of up to EUR 5,000.00 on such exhibitor. Furthermore, the competent authority is entitled to prohibit the relevant business activities of the exhibitor. This may have the result that all booths will be closed and our exhibition cannot be continued.

According to local law in Berlin and depending on the contractual provisions between our Group and the venue provider of our exhibition, our Group may be responsible for the safety of an exhibition, especially to ensure that emergency exits will be kept free and that an appointed event manager will continuously be present at the event. Any violations of these duties by our Group or an operator engaged by us may subject our Group to a penalty of up to EUR 500,000.00.

RISK FACTORS

Furthermore, according to the German civil law, our Group in its capacity as organiser of exhibitions is responsible for the safety of these events. In case our Group negligently or wilfully does not fulfill such obligations, any injured person may claim for damages, if any. This may lead to legal proceedings, and may cause our Group to suffer costs and delays to the operations and the exhibitions.

Any and all of the above factors may have a material adverse effect on our business, financial conditions, result of operations, reputation and prospects.

We may be liable to pay corporation tax in Germany for our Berlin Expo

Although our Tax Adviser advised that our Group is not subject to corporation tax in Germany, if the German authorities consider that we are subject to corporation tax, we cannot rule out the possibility that the portion of the profits derived from our Berlin Expo organised by us in 2013 and to be organised by us in the future which can be attributed to the leasing of the place to the exhibitors as well as the right of the exhibitors to use the booths in Germany may be subject to German corporation tax at a tax rate of 15.825%. We would need to file the relevant tax return and pay the relevant corporation tax by the deadline. If not, there is a risk that a late filing penalty, an annual 6% interest on the payable income tax amount and other penalty payments would be assessed.

In the event that the relevant German tax authorities consider that we are subject to German corporation tax, we may be required to pay the relevant income tax subject to any late penalties, and our financial conditions and results of operations may be affected.

We may also be affected by the political and economic policies and the social conditions and legal developments of the places that we operate or conduct business in

Our customers are mainly located in the PRC, Hong Kong, Taiwan, India and Thailand and our Group has arrangements with Agents in, including but not limited to, the PRC, India, Taiwan and Thailand. We organise and manage trade exhibitions which are held in different places and our customers and business partners are both in the PRC and overseas. Other than the PRC, our business operations are also affected by the economic, political and legal developments of the places where we operate or conduct business in. There can be no assurance that economic, political or legal systems of those places including the US, Germany, Singapore, where we organised our exhibitions will not develop in a way that is detrimental to our business, results of operations and prospects.

RISK FACTORS

RISKS RELATING TO SHARE OFFER

Shareholders' interests in the share capital of our Company may be diluted in the future

We may in the future expand our capabilities and business through acquisition, joint venture and strategic partnership with parties who can add value to our business. We may require additional equity funding after the Share Offer and the equity interest of our Shareholders will be diluted should our Company issue new Shares to finance future acquisitions, joint ventures and strategic partnerships and alliances.

Any exercise of the options to be granted under the Share Option Scheme in the future and issuance of Shares thereunder would also result in the reduction in the percentage ownership of our Shareholders. For details of the Share Option Scheme, please refer to the paragraph headed "Other information – 15. Share Option Scheme" in Appendix IV to this prospectus. There may also be a dilution in the earnings per Share as a result of the increase in the number of Shares outstanding after the issue of such additional Shares. Under the relevant accounting standard, the costs of share options to be granted to employees under the Share Option Scheme will be charged to our income statement over the vesting period by reference to the fair value at the date at which the share options are granted. As a result, our profitability may be adversely affected.

Lack of liquidity of the Shares and volatility of the market price may be resulted

Prior to the Share Offer, there has been no public market for our Shares. There is no guarantee that a liquid public market for our Shares will develop or be sustained upon completion of the Share Offer. In addition, the Offer Price has been determined by negotiations between the Sole Coordinator (acting on behalf of all the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), and may not be indicative of the market price of our Shares that will prevail in the trading market and such market prices may be volatile.

If an active public market for our Shares does not develop after the Share Offer, the market price and liquidity of our Shares may be adversely affected. Investors may not be able to sell their Shares at or above the Offer Price. The stock market of Hong Kong generally has experienced increasing price and volume fluctuations, some of which have been unrelated or have not corresponded to the operating performances of such companies in recent years. Volatility in the price of our Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results.

RISK FACTORS

Investors may experience difficulties in effecting service of legal process and enforcing judgments against our Company and our management

Our Company is a company incorporated in the Cayman Islands under the Companies Law with limited liability and the law of the Cayman Islands relating to the protection of the interests of minority Shareholders differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. As a result, the remedies available to the minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions.

Our Company's corporate affairs are governed by our Memorandum and our Articles, the Companies Law and the common law of the Cayman Islands. The rights of our Shareholders to take legal action against our Directors and our Company, actions by minority Shareholders and the fiduciary responsibilities of our Directors to our Company under the Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands.

In addition, although our Company will be subject to the Listing Rules and the Takeovers Code and upon the listing of our Shares on the Stock Exchange, our Shareholders will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules.

Furthermore, the Takeovers Code do not have the force of law and only provide standards of commercial conduct acceptable for takeover and merger transactions and share repurchases in Hong Kong.

As a result of any or all of the above, our Shareholders may have more difficulty in protecting their interests in the face of actions taken by our Company's management, directors or major shareholders than they would as shareholders of a Hong Kong company or companies incorporated in other jurisdictions.

Further information in relation to the constitution of our Company and the Cayman Islands company law is set out in Appendix III to this prospectus.

Termination of the Public Offer Underwriting Agreement

Prospective investors of the Offer Shares should note that the Public Offer Underwriters are entitled to terminate their obligations under the Public Offer Underwriting Agreement by the Sole Coordinator (acting for itself and on behalf of the Public Offer Underwriters) giving notice in writing to our Company upon the occurrence of any of the events stated in the section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, fire, flood, tsunami, explosions, epidemic, pandemic, acts of terrorism, earthquakes, strikes or lock-outs.

RISK FACTORS

Investors should not place undue reliance on facts and other statistics with respect our industry contained in this prospectus

Certain facts and other statistics in this prospectus relating to the exhibition industry are derived from various government sources that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Selling Shareholder, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to official statistics produced for other economies and you should not place undue reliance on them. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

You should read the entire prospectus and strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the Share Offer

There may be press and media coverage regarding us or the Share Offer, which may include certain financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The following information is provided for guidance only. Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable laws in the countries of their respective citizenship, residence and domicile.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

The Share Offer is made solely on the basis of the information contained and the representation made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or affiliates of any of them or any other person or party involved in the Share Offer.

UNDERWRITING

This prospectus is published solely in connection with the Public Offer which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the related Application Forms contain the terms and conditions of the Public Offer.

The Listing is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters. The Share Offer is subject to our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Coordinator (acting on behalf of all the Underwriters) agreeing on the Offer Price. The Share Offer is lead managed by the Joint Lead Managers.

If, for any reason, the Offer Price is not agreed among our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Coordinator (acting on behalf of all the Underwriters), the Share Offer will not proceed and will lapse. For further information, please refer to the section headed "Underwriting" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

RESTRICTIONS ON SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representation made in this prospectus and the related Application Forms. No person is authorised to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or affiliates of any of them or any other person or party involved in the Share Offer.

Each person acquiring the Offer Shares will be required to, or be deemed by his acquisition of Offer Shares, to confirm, that he is aware of the restrictions on offers and sale of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances contravene any such restrictions.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including any Shares which may be issued under the Capitalisation Issue and pursuant to the exercise of the options which may be granted under the Share Option Scheme). Save as disclosed in this prospectus, no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

HONG KONG BRANCH REGISTER AND STAMP DUTY

All Offer Shares sold pursuant to applications made in the Public Offer will be registered on our Company's branch register of members to be maintained in Hong Kong, Tricor Investor Services Limited. Our Company's principal register of members will be maintained in the Cayman Islands by Royal Bank of Canada Trust Company (Cayman) Limited.

Dealings in Offer Shares registered in the branch register of members of our Company maintained in Hong Kong will be subject to Hong Kong stamp duty.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in the Offer Shares. None of our Company, the Selling Shareholder, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposition of Offer Shares.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for applying for the Public Offer Shares is set out in the section headed “How to apply for the Public Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.

ROUNDING

Certain monetary amounts included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advice for details of this settlement arrangements and how such arrangements will affect their rights and interests.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential Address	Nationality
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Executive Directors

Lee Chi Sang (李志生)	Flat C, 28/F Tower 2, Tierra Verde Tsing Yi, New Territories Hong Kong	British
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Si Tze Fung (施子豐)	Room 2, 24/F Block D, Garden Vista 15-17 On King Street Shatin, New Territories Hong Kong	Chinese
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Independent non-executive Directors

Chu Kwok Man (朱國民)	Flat 1B Honey Court 88 Pokfulam Road Hong Kong	Chinese
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Leung Hung Kee (梁鴻基)	Flat F, 26/F Fairview Height 1 Seymour Road, Hong Kong	Chinese
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Yeung Wai Keung (楊偉強)	Room 1602, No. 7 Xincheng Road Guangzhou City Guangdong Province PRC	Chinese
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DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	Halcyon Capital Limited 11/F, 8 Wyndham Street Central Hong Kong
Sole Coordinator	Halcyon Securities Limited 11/F, 8 Wyndham Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers <i>(in alphabetical order)</i>	Convoy Investment Services Limited Ground Floor & 1st Floor Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong Great Roc Capital Securities Limited Room 3712, 37/F, West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong Halcyon Securities Limited 11/F, 8 Wyndham Street Central Hong Kong
Auditors and reporting accountants	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Internal control consultant	HLB Hodgson Impey Cheng Risk Advisory Services Limited 31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Tax adviser	HLB Hodgson Impey Cheng Taxation Services Limited 31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Our legal advisers <i>as to Hong Kong law</i>	Chiu & Partners 40/F Jardine House 1 Connaught Place Hong Kong Mr. George T.Y. Hui New Chambers Room 1002 Dina House No. 11 Duddell Street Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

<i>as to PRC law</i>	Jingtian & Gongcheng Attorneys at Law 34/F, Tower 3 China Central Place 77 Jianguo Road Beijing 100025 China
<i>as to Cayman Islands law</i>	Conyers Dill & Pearman (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<i>as to BVI law</i>	Conyers Dill & Pearman 2901, One Exchange Square 8 Connaught Place Central Hong Kong
<i>as to Singapore law</i>	Stamford Law Corporation 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
<i>as to the US federal laws and Nevada state laws</i>	Dorsey & Whitney LLP Suite 3008 One Pacific Place 88 Queensway Hong Kong
<i>as to German law</i>	Hogan Lovells International LLP Kennedydamm 24 40476 Düsseldorf Germany
<i>as to Russia law</i>	Pepeliaev Group 12 Krasnopresnenskaya Nab Entrance 7 World Trade Center-II Moscow 123610, Russia
Legal advisers to the Sole Sponsor and the Underwriters <i>as to Hong Kong law</i>	Cheung & Lee in association with Locke Lord (HK) LLP 21/F, Bank of China Tower 1 Garden Road Central Hong Kong
<i>as to PRC law</i>	King & Wood Mallesons 55th Floor, Guangzhou International Finance Center 5 Zhujiang Xilu, Zhujiang New Town Guangzhou, Guangdong 510623 China
Receiving bank	Standard Chartered Bank (Hong Kong) Limited 15/F, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong

CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	23/F, Exchange Tower 33 Wang Chiu Road Kowloon Bay, Kowloon Hong Kong
Company website	www.mega-expo.com <i>(information on the website does not form part of this prospectus)</i>
Compliance adviser	Halcyon Capital Limited 11/F, 8 Wyndham Street, Central Hong Kong
Company secretary	Mr. Lui Chi Ho <i>Practising Solicitor in Hong Kong</i>
Authorised representatives	Mr. Lee Chi Sang Flat C, 28/F Tower 2, Tierra Verde Tsing Yi, New Territories Hong Kong Mr. Si Tze Fung Room 2, 24/F, Block D, Garden Vista 15-17 On King Street Shatin, New Territories Hong Kong Mr. Khan Javed Iqbal (alternate to Mr. Lee Chi Sang) Block 29, G/F Tai Hang Gardens 1 Tai Hang Tsuen Tai Po New Territories Hong Kong
Audit committee	Mr. Leung Hung Kee (<i>Chairman</i>) Mr. Chu Kwok Man Mr. Yeung Wai Keung
Remuneration committee	Mr. Chu Kwok Man (<i>Chairman</i>) Mr. Lee Chi Sang Mr. Leung Hung Kee

CORPORATE INFORMATION

Nomination committee

Mr. Lee Chi Sang (*Chairman*)
Mr. Chu Kwok Man
Mr. Yeung Wai Keung

**Hong Kong branch share registrar
and transfer office**

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

**Cayman Islands share registrar and
transfer office**

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

Principal bankers

The Hongkong and Shanghai Banking Corporation
1 Queen's Road Central
Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road
Central
Hong Kong

INDUSTRY OVERVIEW

This section contains certain information which is derived from official government publications and industry sources as well as a commissioned report from IPSOS Hong Kong Limited, an Independent Third Party. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. While we have exercised reasonable care in compiling and reproducing such information from official government publications, it has not been independently verified by us, or any of our affiliates or advisers, nor by the Selling Shareholder, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their affiliates or advisers or any other party involved in the Share Offer. The information from official government publications may not be consistent with information available from other sources within or outside the PRC. Neither our Group, its affiliates or advisers, the Selling Shareholder, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or their affiliates or advisers, nor any other party involved in the Share Offer make any representation as to the accuracy, completeness or fairness of such information from official government publications.

The information extracted from the commissioned report from IPSOS Hong Kong Limited reflects estimates of market conditions based on samples, and is prepared primarily as a market research tool. References to IPSOS Hong Kong Limited should not be considered as the opinion of IPSOS Hong Kong Limited as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information extracted from the commissioned report from IPSOS Hong Kong Limited are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information extracted from the commissioned report from IPSOS Hong Kong Limited has not been independently verified by us, the Selling Shareholder, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We have commissioned IPSOS Hong Kong Limited (“IPSOS”), an independent market research company, to analyse and report on, among others, the trends of the exhibition organising industry, in Hong Kong and globally at a fee of HK\$268,000 and our Directors consider that such fee reflects market rates. To provide an analysis of the aforementioned markets, IPSOS combined the following data and intelligence gathering methodology: (a) performing client consultation to facilitate the research including in-house background information of the client such as the business of our Company; (b) conducting desk research to gather background information and to obtain the relevant information and statistics on the industry; and (c) conducting in-depth interviews including face to face, phone interviews with key stakeholders and industry experts of exhibition related players in Hong Kong. The information and statistics as set forth in this section have been extracted from the Industry Report.

Founded in Paris, France, in 1975 and publicly-listed on the NYSE Euronext Paris in 1999, Ipsos SA acquired Synovate Ltd. in October 2011. After the combination, IPSOS becomes the third largest research company in the world which employs approximately 16,000 personnel worldwide across 85 countries. IPSOS conducts research on market profiles, market size, share and segmentation analyses, distribution and value analyses, competitor tracking and corporate intelligence. IPSOS is independent of our Company and none of our Directors or their associates has any interest in IPSOS.

INDUSTRY OVERVIEW

OVERVIEW OF THE GLOBAL EXHIBITION INDUSTRY

Introduction to the Types of Exhibitions

Our major exhibition, the Mega Shows is held in Hong Kong. The exhibition industry in Hong Kong is categorised into three types: (i) trade exhibitions; (ii) trade & consumer exhibitions; and (iii) consumer exhibitions.

- (a) **Trade exhibitions** are events that are organised for a specific industry to showcase new products or services. Businesses within the industry can participate in trade exhibitions either by renting a booth to promote their products and services to perspective buyers, or by making presentations at the event, depending on the specific event. This kind of exhibitions is usually restricted to traders only and the general public is excluded, i.e. they are Business-to-Business events (B2B). Attending trade exhibitions usually involves a cost, either to purchase an admissions ticket, or to set up and run a booth.
- (b) **Trade & consumer exhibitions** are similar to trade and convention events in a way that they are organised for a specific industry. These events are attended by both trade professionals and the public who are interested in purchasing or learning about the products and services exhibited.
- (c) **Consumer exhibitions** are events that are open to the general public. The entry price varies depending on the exhibition, and sometimes the public can enter for free. These events are also industry specific or topical, allowing the public to go and seek out specific items to purchase at the event. Unlike most trade exhibitions, products are usually sold to visitors directly at the stand, i.e. Business-to-Consumer (B2C) events.

Key Global Exhibition Markets

In 2011, according to the Union of International Fairs (UFI), Europe and North America, followed by Asia, offered the highest venue capacities, which contributed to about 48.0%, 24.0% and 20.0% of the world's total indoor exhibition respectively. In the same year, US, China, Germany, Italy and France together accounted for about 50% of the total world indoor exhibition space.

Germany

Our Berlin Expo is held in Germany, home to four of the world's six largest venues. The exhibition industry in Germany has strong support from its public sector with German cities and state governments owning the fair companies located in each metropolis. The country hosted some of the world's leading events such as the CeBIT, which is held in Hanover in March every year. The world's largest International Motor Show, the Internationale Automobil-Austellung (IAA), is also held in Hanover, every even numbered years, and Frankfurt, every odd numbered years. Other popular trade exhibitions include the Internationale Tourismus-Börse (ITB), the world's largest travel trade exhibition which is held in Berlin in March each year; the MEDICA trade show, which is held in Düsseldorf and attracted over 4,000 exhibitors each year. The city's capital, Berlin, is home to two venues, Berlin ExpoCenter City and Berlin ExpoCenter Airport, both of which made a big impact in 2012. The recovering economy of Germany and the high quality of trade exhibitions are the key factors that sustained the strong development of its exhibition industry. In 2011, around 160,000 exhibitors attended 134 international trade exhibitions in Germany. The Association of the German Trade Fair Industry (AUMA) is optimistic about the exhibition industry's prospects in 2013, with over 140 national and international trade exhibitions being scheduled, and around 165,000 exhibitors are expected to attend these trade exhibitions in 2013.

INDUSTRY OVERVIEW

US

Another of our exhibitions, the Vegas Expo, is held in Las Vegas, US. In past decades, it became the norm for America's cities and regional governments to partake in events such as concerts and owning and running conventions and trade exhibitions. In at least 16 states, the US government has even gone to the extent of building a major convention facility. Las Vegas is a prominent convention and exhibition city, and has emerged strongly over the past 10 to 20 years. The exhibition business is shared among the three major facilities: the Las Vegas Convention Center, the Sands Convention Center and Mandalay Bay Convention Center. Although the global financial crisis has hit the city, the exhibition industry in US has survived it well. According to the Center for Exhibition Industry Research, in 2011, the exhibition industry in US grew by approximately 2.7%, which outperformed the country's GDP growth of about 1.7%.

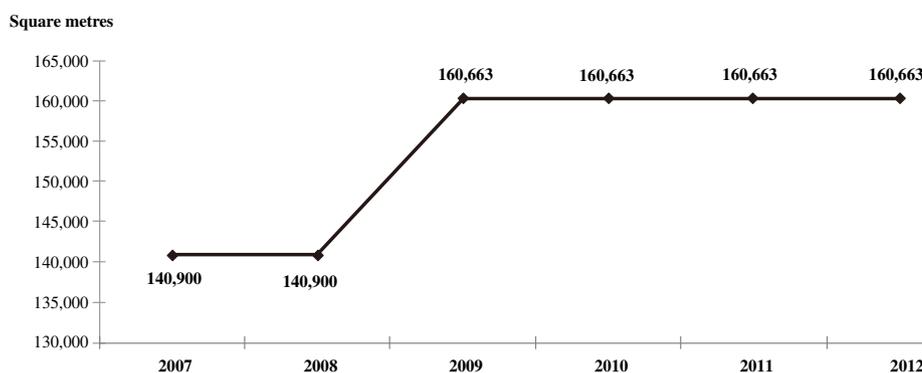
Emerging Trade and Exhibition Markets

Another of our exhibitions, the Singapore Asia Expo, is located in Singapore. According to the UFI, the net area sold by organisers in Asia reached a total of approximately 15.9 million square metres in 2011. Of that total, almost 55.0% was sold in China and 12.0% was sold in Japan. Growth was highest in Southeast Asia in 2011. Singapore and Malaysia were the fastest growing markets in 2011, up by approximately 15.0% and 14.0% respectively, while the exhibition market in the Philippines grew by approximately 8.8%. Vietnam was the only exception to this Southeast Asian trend, posting an estimated growth of just approximately 1.2%. The larger exhibition markets grew notably more slowly in 2011. Asia's largest market, China, grew by approximately 2.5%, while India posted an increase of approximately 3.3%. Two other large markets, Korea and Hong Kong grew by approximately 2.2% and 1.1% respectively. Our major exhibition, the Mega Shows, is held in Hong Kong in October each year.

HONG KONG EXHIBITION INDUSTRY

Hong Kong was the capital of trade exhibitions in Asia, and a leading international business meeting location. The main venues for Meeting, Incentives, Conferencing and Exhibitions ("MICE") events are the Hong Kong Convention and Exhibition Centre (HKCEC) in the main business district, the AsiaWorld-Expo (AWE) near the airport and the Kowloon Bay International Trade and Exhibition Centre (KITEC). The current size of HKCEC is over 88,000 square metres and AWE offers a total of more than 70,000 square metres of exhibition space.

The Trade Exhibition Venue Capacity in Hong Kong



Note: Data includes space that is available for exhibition use. This includes the purposely-built exhibition space and all other areas that were converted into exhibition areas.

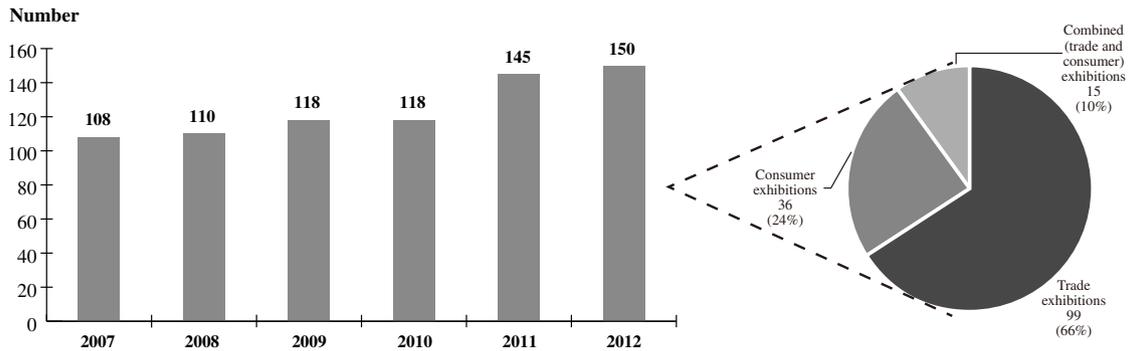
Sources: HKCEC, AWE, BMT Asia pacific, Industry Report

INDUSTRY OVERVIEW

Current Situation of the Exhibition Industry in Hong Kong

In 2012, both of Hong Kong's main venues, HKCEC and AWE were listed in the top three "Best Convention and Exhibition Centre" in the CEI Asia Industry Awards 2012.

The number of exhibitions held in Hong Kong



Sources: HKECIA, IPSOS analysis

Sources: HKECIA, HKCEC, KITEC, AWE, HKTDC, Industry Report

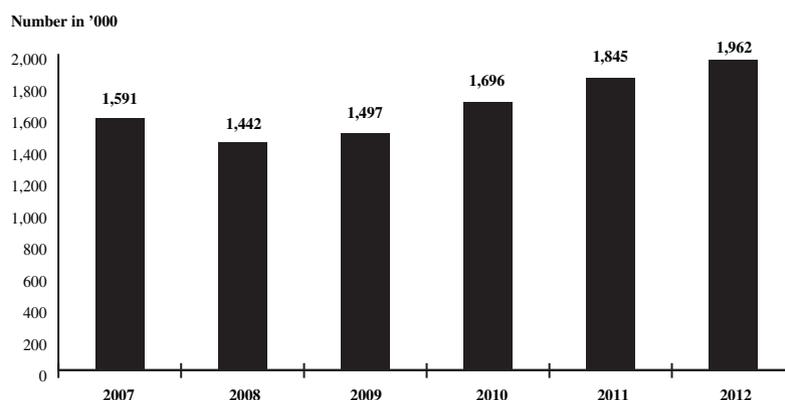
The number of exhibitions held in Hong Kong grew at a CAGR of approximately 6.8% from 2007 to 2012. The rise in the number of foreign businesses sourcing products from China and other Asian countries have contributed to the strong growth for the exhibition industry in Hong Kong in recent years. In addition, foreign businesses have increased their participation in exhibitions held in Hong Kong in order to penetrate the growing markets in China and other Asian countries. This trend is expected to continue as financial uncertainties in developed economies, such as Europe and the US, have forced businesses to explore new markets, especially Asia, where the developing economies are still growing. In 2011, Hong Kong hosted five of the world's largest trade exhibitions and seven of Asia's largest trade exhibitions by number of exhibitors.

INDUSTRY OVERVIEW

Visitors of Trade Exhibitions in Hong Kong

The number of visitors to trade exhibitions held in Hong Kong grew from approximately 1,591,000 in 2007 to about 1,962,000 in 2012, at a CAGR of about 3.8%.

The Number of Visitors to Trade Exhibitions in Hong Kong

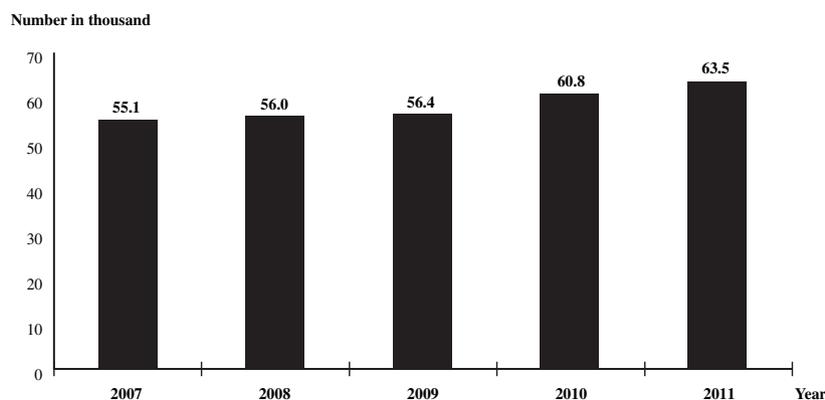


Note: Number of visitors include trade visitors from Hong Kong and visitors from outside Hong Kong

Sources: HKECIA and IPSOS analysis

The total number of trade visitors from China and Asia Pacific also continued to rise in 2011, by approximately 13.3% and 10.0% respectively. Boosted by increase in visitors participated in various conventions and exhibitions held in Hong Kong in 2010 and 2011, such as the Asian Financial Forum, HKTDC Hong Kong Electronics Fair, The China Sourcing Fairs, and the Asian Aerospace International Expo and Congress, according to the HKTDC, the number of overnight MICE travellers to Hong Kong reached about 1,430,000 and 1,563,000 in 2010 and 2011 respectively, which accounted for approximately 24.3% and 24.7% of the total number of business travellers in Hong Kong in 2010 and 2011 respectively.

The Number of Exhibitors Participating Trade Exhibitions in Hong Kong



Notes: Number of exhibitors includes all local, regional and international exhibitors who have attended exhibitions held in Hong Kong.

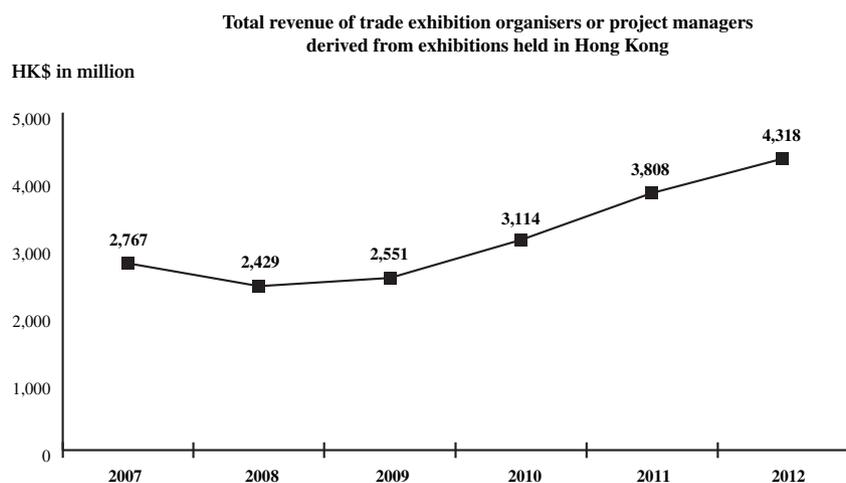
Sources: HKECIA, IPSOS analysis

INDUSTRY OVERVIEW

The total number of exhibitors participating in trade exhibitions in Hong Kong grew from 2007 to 2012, at a CAGR of approximately 2.9%. The increase in the number of international exhibitors were the key driver of such growth, with an increase by approximately 18.0% from 2010 to 2011. Many international exhibitors sought Hong Kong as the gateway to enter the greater business market of China.

Total revenue of trade exhibition organisers or project managers derived from exhibitions held in Hong Kong

The CAGR of the total revenue of trade exhibition organisers or project managers derived from exhibitions held in Hong Kong from 2007 to 2012 is approximately 9.3%.



Source: *IPSOS interviews and analysis*

Revenue slumped in 2008 as a result of the global financial crisis which led to a decline in visitors and expenditures. However, the market picked up quickly in 2009 amid a time of economic turmoil, and exhibitors were taking large booth areas than before with resumed consumer confidence. This reinforced Hong Kong's role as a stable, reliable business platform and networking base for buyers and sellers from around the world.

COMPETITIVE LANDSCAPE AND ANALYSIS OF TRADE EXHIBITION INDUSTRY IN HONG KONG

Competitive Situation of Trade Exhibition and Organising Industry in Hong Kong

Key market competitors

In 2012, there were about 52 trade exhibition organisers. Historically, HKTDC has always been the market leader in terms of number of events organised and the gross exhibition space sold. The number of trade exhibition organisers was only about 11 in 2005, but the opening of the AWE in 2006 introduced new competitions to the trade exhibition industry. The total number of organisers increased to about 52 in 2011. The addition of one more major and independent exhibition venue also helped the promotion of Hong Kong as a regional exhibition capital, and contributed to an influx of overseas organisers. Currently, key trade exhibition organisers in Hong Kong include HKTDC, UBM Asia Ltd., Global Sources and our Group according to the Industry Report.

INDUSTRY OVERVIEW

In general, large trade exhibition organisers organise a wide variety of exhibitions whereas smaller organisers tend to specialise in organising similar exhibitions in different locations. Apart from activities organised in Hong Kong, trade exhibition organisers in Hong Kong are also active in arranging their exhibitors to exhibit overseas. While China is a priority, organisers are also actively looking for locations to organise their trade exhibitions. Locations include not only those in developed markets, but also developing markets like the Middle East and Eastern Europe.

Top 5 Trade Exhibition Organisers or Project Manager of Exhibitions held in Hong Kong

According to the Industry Report, the top 5 trade exhibition organisers or project managers of exhibitions held in Hong Kong in 2012 were:

Rank	Name of company	Headquarter location	Revenue in 2012 (HK\$ million) <i>(Note 1)</i>	Share of total revenue (%)	Number of employees in 2012 <i>(Note 2)</i>	Number of exhibitions held in Hong Kong in 2012	Types of exhibitions held
1	HKTDC*	Hong Kong	1,664	38.5%	1,000	28	Trade, Consumer
2	Global Sources	Hong Kong	550	12.8%	3,000	30	Trade
3	UBM Asia Ltd	London	475	11.0%	1,100	8	Trade
4	Messe Frankfurt (HK) Ltd*	Germany	255	5.9%	1,700	4	Trade, Trade and Consumer, Consumer
5	Mega Expo Holdings Limited	Hong Kong	214	5.0%	124	2	Trade
Others			1,159	26.8%		42	
Total			<u>4,317</u>	<u>100.0%</u>		<u>114</u>	

Notes:

(1) Revenues of the organisers include Hong Kong only and represent the calendar year from January to December.

(2) *Annual reports have not been released and figures are estimated by IPSOS.

Sources: IPSOS interviews and analysis

INDUSTRY OVERVIEW

Top 5 Trade Exhibitions held in Hong Kong in 2012 (Note 1)

Rank	Name of exhibitions	Venue held	Exhibitor recruitment capability (in terms of number of exhibitors)	Tenancy size (Square metres)	Exhibition duration (days)	Exhibition period (month)	Frequency of tenancy (per year) <i>(Note 2)</i>	Number of visitors	Exhibition organisers	Theme of exhibition
1	HKTDC Hong Kong Gifts & Premium Fair 2012	HKCEC	4,112	77,245	4	April	1	47,050	HKTDC	Gifts and premiums, like figurines & decorations, outdoor & travel goods, photo frames, stationery & paper, tech gifts, and party & festive items
2	Mega Show Part I 2012	HKCEC	3,539	85,464	4	October	2	43,450	Mega Expo Holdings Limited	Gift, house wares, premiums and toys
3	September Hong Kong Jewellery & Gem Fair 2012	HKCEC & AWE	3,526	130,000	7	October	2	51,977	UBM Asia Limited	Jewellery raw materials, including loose diamonds, gemstones, pearls, and packaging, tools & equipment
4	HKTDC Hong Kong Electronics Fair 2012 (Autumn Edition)	HKCEC	3,322	79,910	3	October	2	64,478	HKTDC	All kinds of electronics products and services such as audio-visual products, navigation systems, telecommunications products and testing, inspection & certification services
5	HKTDC Hong Kong International Lighting Fair (Autumn Edition) 2012	HKCEC	2,279	69,290	4	October	2	36,194	HKTDC	Advertising lighting, commercial lighting, household lighting, LED & green lighting, lighting accessories, parts & components

Notes:

1. *Top 5 trade exhibitions or Mega Shows ranked by number of exhibitors in Hong Kong in 2012 (in terms of number of exhibitors)*
2. *Different parts or editions of an exhibition under the same name are counted as separate exhibitions*

Sources: HKTDC, UBM Asia Limited, IPSOS analysis

During peak seasons such as April and October, both the AWE and HKCEC are fully occupied. Since the Mega Shows are held in October in every year, the major competing exhibitions are China Sourcing Fairs held by Global Sources and Hong Kong Electronic Fair (Autumn Edition) held by HKTDC. Among these exhibitions in 2012, Mega Expo had the highest number of visitors and exhibitor recruitment capability in term of number of participating exhibitors.

INDUSTRY OVERVIEW

Major recurring exhibitions held in October 2012

Name of exhibitions	Venue held	Exhibitor recruitment capability (in terms of Number of exhibitors)	Exhibition duration (days)	Number of visitors	Exhibition organisers/ project manager
Mega Show Part I 2012	HKCEC	3,539	4	43,450	Mega Expo Holdings Limited
HKTDC Hong Kong International Lighting Fair (Autumn Edition) 2012	HKCEC	2,279	4	36,194	HKTDC
China Sourcing Fair: Security Products and Korea Sourcing Fair: Electronics & Components	AWE	2,040	4	36,195	Global Sources
China Sourcing Fair: Solar & Energy Saving Products, Christmas & Seasonal Products, Gifts & Premiums, Home Products, Medical & Health Products and Baby & Children's Products	AWE	1,260	4	15,566	Global Sources
China Sourcing Fair: Fashion & Accessories, Garments & Textiles and Underwear & Swimwear and India Sourcing Fair: Garments & Textiles	AWE	1,250	4	9,510	Global Sources

Source: HKTDC, HKCEC, AWE, UBM Asia Limited

Entry Barriers of Trade Exhibition industry in Hong Kong

Market domination and high operation cost set barriers for new entrants into the trade exhibition industry in Hong Kong.

Market domination by a few organisers

The trade exhibition industry is dominated by a small number of organisers, predominantly being HKTDC. This raises difficulties of entrance by new players as the main exhibition venues in Hong Kong are usually blocked by the calendar of events held by these organisers. The difficulties of breaking into Hong Kong as a private organiser are due to calendar of events being largely dominated by a public organiser and leading players.

INDUSTRY OVERVIEW

High operation cost

Operation costs including rental and wages are relatively high in Hong Kong compared with neighbouring destinations such as China and Macau. This is a key concern for exhibition organisers, especially smaller ones. In Hong Kong, the cost concern could be diminished by hosting large scale exhibitions which generate larger revenue. However, new entrants with weak reputation will face challenges to compete for exhibition space as well as attracting exhibitors for large scale exhibitions.

Threats to the Trade Exhibition Industry in Hong Kong

Increase competitions among exhibition organisers

The trade exhibition industry has been growing at a steady pace in Hong Kong. Because of the importance of exhibition industry to a country's successful image, many governments and private organisations have been working progressively on to improve their exhibition industries, such as expanding their exhibition space. In 2011, the US, China, Germany, Italy and France were the top five countries who saw the largest increase in exhibition space available, of which the five countries together accounted for approximately 59% of the total indoor exhibition space worldwide. As more exhibition space becomes available, new or newly-expanded venues will aggressively try to attract more exhibition organisers. This will further increase the competition of the exhibition industry worldwide. With limited venues in Hong Kong, space remains highly sought after and increasing competitions will be seen among organisers who try to compete amongst each other when booking exhibition space. Hong Kong will need to increase the amount of exhibition space available in order to remain competitive in the global exhibition market.

Rapid growth of the exhibition industry in China and increase competition with regional competitors

In China, the total amount of exhibition space rented increased by approximately 6.0% from 2008 up to 2010, while other countries around the world did not see the same growth due to the financial crisis. Beijing and Shanghai, in China, are the top two cities for hosting large trade exhibitions. The largest venue, the Guangdong Modern International Exhibition Centre (GDE), which is located in Houjie Town in Dongguan City, Guangdong, the PRC, is growing in popularity. The GDE and the AWE will be competing for trade events, exhibitors as well as trade visitors. The latest master plan in Singapore specified goals that are similar to Hong Kong's self image as a business destination, while in Singapore the conventions and exhibitions industries are to be prioritised. For instance, the "integrated resort" which offers 100,000 square metres of exhibition space and 3,000 rooms, as well as entertainment facilities to business travellers has caused major pressure on the Hong Kong exhibition industry.

Hong Kong faces increasing competitions with its neighbouring countries, such as Singapore and Macau, which have invested enormous sum of money and capitals into the trade exhibition industry. Singapore shares many similar circumstances with Hong Kong in its endowment of business traveller resources, and its strengths and weaknesses.

INDUSTRY OVERVIEW

Upon the establishment of the major casino resort projects in 2010s, Macau has its supply-side advantages over Hong Kong in terms of hotel rooms and convention and exhibition venues. Macau, as an immediate neighbour and a likely candidate to offer the same level of services, could potentially divert some of these trade exhibitions from Hong Kong.

FUTURE PROSPECT

Closer Economic Partnership between Hong Kong and China

Regional cooperation with venues in South China such as Guangzhou may help attract additional visitors, especially for those who are destined to visit manufacturers in the Pearl River Delta region. In particular, the Closer Economic Partnership Arrangement (CEPA), signed between Hong Kong and China, allowed Hong Kong convention and exhibition service suppliers to provide, in the form of wholly-owned operations, convention services and exhibition services in China from 1 January 2004.

Government support to the industry

In order to support Hong Kong's economy, the Hong Kong government imposed funding schemes to aid the exhibition sector. Since 2008, the Hong Kong government's Trade and Industry Department has set up the SME Development Fund (SDF). SMEs can participate in more exhibitions through the financial assistance under the SDF.

In addition to the SDF, the SME Export Marketing Fund (EMF) also had a big impact on the exhibition industry in Hong Kong. The EMF provides grants for SMEs to participate in trade fairs and exhibitions outside of Hong Kong, as well as trade fairs and exhibitions held in Hong Kong that are related to exports, such as trade-only events or events which target both overseas and local trade buyers.

Opening up of China market

The opening of outbound travel from China offers tremendous opportunity for tourism hubs worldwide, including Hong Kong. China's emergence as a world economic power also means that international business activities will undergo substantial growth in the future, and multinational firms that have previously been unable to set foot in China are now increasingly growing their business there. Hong Kong's role as the business gateway to China could be out beaten by other major cities which may pose threats to the city's trade exhibition industry.

Increase in international exhibitors

Businesses from around the world are increasingly looking to use Hong Kong's exhibition platform to introduce their products to the growing markets in China and the greater Asia Pacific region. This is expected to continue in the next few years and will provide the city with ongoing exhibition growth opportunities.

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REGULATIONS IN RELATION TO CONDUCTING BUSINESS IN HONG KONG

Places of public entertainment

The organising and managing of exhibitions is, depending on their nature and size, subject to the Places of Public Entertainment Ordinance (Chapter 172 of the Laws of Hong Kong) (the “PPEO”).

The PPEO regulates places of public entertainment. Under the PPEO, it is an offence for a person to keep or use any place of public entertainment without a licence issued by the Secretary of Home Affairs or a public officer authorised by him. In practice, the licensing function is performed by the Food and Environmental Hygiene Department. A person guilty of the offence shall be liable on conviction to a fine and imprisonment.

REGULATIONS IN RELATION TO CONDUCTING BUSINESS IN THE PRC

Holding exhibition related regulations

The exhibition organisers and co-organisers in the PRC have to comply with relevant PRC laws and regulations in relation to exhibitions. According to the Notice on Strengthening the Management of Hosting Foreign Economic and Technological Exhibitions in PRC from the State Council (《國務院辦公廳關於對在我國境內舉辦對外經濟技術展覽會加強管理的通知》) which came into effect on 31 July 1997, organisers of the exhibition are mainly responsible for formulating and implementing plans and recruiting exhibitors; co-organisers of the exhibition are primarily responsible for show arrangement, safety and other exhibition affairs. According to the Notice on the Management Affairs Regarding Hosting Foreign Economic and Technological Exhibitions in PRC (《關於在我國境內舉辦對外經濟技術展覽會有關管理事宜的通知》), which came into effect on 19 February 2004, a graded approval procedure is introduced in relation to foreign economic and technological exhibitions with an exhibition area of more than 1,000 square metres. International exhibitions held in the name of the departments of the State Council or provincial government should be approved by the State Council. Exhibitions held in the name of the subordinate units of the departments of the State Council should be approved by the Ministry of Commerce. Exhibitions on scientific research and technology exchange should be approved by the Ministry of Science and Technology. Exhibitions held by the China Council for the Promotion of International Trade system should be approved by the China Council for the Promotion of International Trade and filed with the Ministry of Commerce. For record exhibitions held outside Beijing, organisers should seek approval from local foreign economic and trade authorities. For those exhibitions with exhibition area of less than 1,000 square metres, the organisers merely have to file with relevant authorities for record.

Consumers’ rights protection related regulations

According to the Laws on Protection of Consumers’ Rights and Interests of the PRC (《中華人民共和國消費者權益保護法》), consumer whose legitimate rights and interests are infringed upon in purchasing commodities or receiving services may demand compensation from the sellers or suppliers of the services. In case the fairs are over, they may also demand compensation from organisers of the exhibitions. Organisers of the exhibitions shall, after paying the compensation, have the right to recover the compensation from the sellers or suppliers of the services. Pursuant to the Food Safety Law of PRC (《中華人民共和國食品安全法》) and the Food Safety Supervision and Management Measures in

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Circulation (《流通環節食品安全監督管理辦法》) which came into effect on 30 July 2009, organisers of food exhibitions should establish files of food traders and record basic information of food traders, source of purchase, food varieties, brands and suppliers, set up public media for food information, and disclose timely the food information within the marketplace or otherwise disclosed by administrative organisations. Organisers and co-organisers of the exhibition who fail to fulfill the aforesaid management obligations will take a joint liability in the event of a food safety accident occurs. Besides, in accordance with Product Quality Law of the PRC (《中華人民共和國產品質量法》) which came into effect on 8 July 2000, the limitation period for bringing an action claiming compensation for damage caused by product defects is two years from the date on which the party concerned knows of or should have known of the infringement of his rights and interests.

Public safety and related regulations

According to the Regulations on Safety Administration of Large-scale Public Activities (《大型群眾性活動安全管理條例》) which became effective on 1 October 2007, large-scale public activities include exhibition activities with attendance of no less than 1,000 persons which are held by legal persons or other organisations for the public. Public security authorities above county level are responsible for the safety administration of large-scale mass activities. The county public security authorities are entitled to implement security permission for activities with estimated attendance between 1,000 and 5,000 persons, and the municipal public security authorities are entitled to implement security permission for activities with estimated attendance of more than 5,000 persons.

REGULATIONS IN RELATION TO CONDUCTING BUSINESS IN SINGAPORE

Business Registration

Under the Singapore BR Act, a business entity must (with a few exceptions), before carrying on business in Singapore, apply to the Accounting and Corporate Regulatory Authority of Singapore for registration in the prescribed form.

Where a person required to be registered under the Singapore BR Act carries on business without being registered to do so, the rights of the person in default under or arising out of any contract, in relation to the business carried on by it in respect of which there is no valid registration, made or entered into by or on its behalf at any time while it is in default shall not be enforceable by action or other legal proceedings. However, if the court is satisfied that the default was accidental or due to inadvertence or some other sufficient cause, or that on other grounds it is just and equitable to grant relief, the court may grant such relief either generally or in relation to any particular contract, upon application by the person in default.

A person in default shall be guilty of an offence under the Singapore BR Act and shall be liable on conviction to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding 12 months or to both. Further, if the person in default is a corporation or other body corporate and the offence is proved to have been committed with the consent or connivance of, or to have been facilitated by any neglect on the part of, any director, chairman, manager, secretary or other officer of the corporation or other body corporate then he, as well as the corporation or body corporate, shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

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REGULATIONS IN RELATION TO CONDUCTING BUSINESS IN THE STATE OF NEVADA, US

Qualification to do business in the State of Nevada, US

Prior to doing business in Nevada, a non-US corporation must file a series of forms with the Office of the Secretary of State, including but not limited to:

- (a) qualification to do Business in Nevada form;
- (b) a certificate of corporate existence;
- (c) a statement signed by an officer of the corporation setting forth a general description of the purposes of the corporation;
- (d) a designated form of corporate information to be filed by non-US corporation annually; and
- (e) a statement of last calendar year's "business" in two issues of a newspaper published in Nevada.

If a foreign corporation fails to qualify to do business in Nevada and a court determines that the foreign corporation was indeed conducting business in Nevada, and, therefore, should have qualified to do business, the foreign corporation would be subject to a fine of not less than US\$1,000 but not more than US\$10,000. However, a failure of the foreign corporation to qualify would not impair the validity of any contract or act of the corporation, or prevent the corporation from defending any action, suit or proceeding in any court of this State.

A corporation that fails or neglects to comply with the requirements of qualification may not commence or maintain any action or proceeding in any court in Nevada, unless and until the corporation comes into compliance.

Nevada State Business License Requirement

A person may not conduct business in Nevada until it has obtained a state business license issued by the Secretary of State of Nevada. A "business" includes any person, except a natural person, that performs a service or engages in a trade for profit.

If any person fails to obtain a Nevada state business license and a court finds that person was required to obtain such a license, that person would be subject to a penalty in the amount of US\$100.

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REGULATIONS IN RELATION TO CONDUCTING BUSINESS IN GERMANY

German Industrial Code

A person or legal entity who/which intends to organise a trade exhibition or an exhibition (both as defined below) in Germany either requires a licence from the regulatory agency of the competent municipality (“**Competent Authority**”) pursuant to section 69 of the German Industrial Code (*Gewerbeordnung*, “**Industrial Code**”) or has to make a notification to such Competent Authority pursuant to section 14 of the Industrial Code, which is the act setting forth the principal legal provisions for the operation of a business in Germany.

Licence for organisation of a trade exhibition and an exhibition

An organiser of a trade exhibition and exhibition may apply for a licence pursuant to section 69 of the Industrial Code (“**Licence**”).

Section 69 of the Industrial Code stipulates that after having received a proper application from the organiser the Competent Authority has to grant the Licence for an event which fulfils the prerequisites set forth in section 64 to 68 of the Industrial Code and determine the subject, time, opening hours and location of such event. The events which are defined in sections 64 and 65 of the Industrial Code include trade exhibition and exhibition.

An organiser in the meaning of section 69 of the Industrial Code is a person or legal entity who/which acquires rights and duties vis-à-vis the relevant parties, in particular the exhibitors and visitors of the trade exhibition and exhibition respectively, who/which plans, organises and carries out the event and who/which bears the economic risk of such event (“**Organiser**”).

According to section 69a of the Industrial Code, the Competent Authority has to reject the Organiser’s application, if:

- (i) the trade exhibition and the exhibition respectively, does not fulfil the prerequisites set forth in the Industrial Code;
- (ii) there are circumstances justifying the assumption that the applicant or the person who is instructed to manage the trade exhibition and exhibition respectively, does not have the personal reliability required for the conduct of such event;
- (iii) the conduct of the trade exhibition and the exhibition respectively, is contrary to the public interest.

According to section 64 of the Industrial Code, a trade exhibition is an event:

- which is conducted for a limited period of time; and
- which principally is repeated regularly; and
- where various exhibitors present market/distribute a range of products, which is essential for one or more industrial sectors, to industrial resellers, industrial business consumers and bulk purchasers.

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Pursuant to section 65 of the Industrial Code, an exhibition is an event:

- which is conducted for a limited period of time; and
- where various exhibitors present and market/distribute a representative range of products of one or more industrial sectors or industrial regions or inform about such product range in order to promote the sale and distribution of such products

(such trade exhibitions and exhibitions hereinafter also collectively “**Exhibitions**”).

The Organiser of an exhibition to whom a Licence has been granted would benefit from certain privileges, while the most important privilege is that the exhibitors who present their products and range of products at the Exhibition do not require the so-called “itinerant trade license”. Such license is basically required by an exhibitor pursuant to Section 55 of the Industrial Code. If the exhibitor does not hold the required itinerant trade licence, the Competent Authority is entitled to impose a penalty of up to EUR 5,000.00 on such exhibitor pursuant to section 145 para. 4 of the Industrial Code. Such penalty becomes time-barred upon expiry of two years beginning with the termination of the exhibition. Furthermore, the Competent Authority is entitled to prohibit the relevant business activities of the exhibitor (e.g. by closing down the stand booths).

Our Group had obtained the relevant licences for the exhibitions participated by our Group in Berlin in February 2012 and 2013.

Notification

An Organiser of an Exhibition who has no Licence pursuant to section 69 of the Industrial Code has to make a formal notification pursuant to Section 14 Industrial Code (“**Notification**”).

Section 14 of the Industrial Code set forth that a person or legal entity who/which starts the self-employed operation of a standing trade, a permanent establishment or an independent branch must notify the commencing of such operation to the Competent Authority.

The obligation to make the Notification to the Competent Authority pursuant to section 14 of the Industrial Code applies to foreign persons/legal entities who/which maintains the main business operations and the place of management and business abroad when organising and conducting an Exhibition in Germany for a limited period of time.

Legal Consequences

If the Organiser of an Exhibition who organises and conducts an Exhibition in Germany has no Licence pursuant to Section 69 Industrial Code and has not made a proper Notification pursuant to Section 14 Industrial Code, the Competent Authority is entitled to impose a penalty of up to EUR1,000.00 on such Organiser pursuant to section 146 of the Industrial Code. Furthermore, pursuant to section 17 paragraph. 4 of the Administrative Offence Act the Competent Authority is entitled to absorb any economic advantages which the Organiser gained from the organisation of the Exhibition. The imposing of the penalty becomes time-barred upon expiry of six months from the termination of the Exhibition.

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Moreover, the Competent Authority is entitled to impose a penalty of up to EUR1,000.00 on our Group which can be increased to up to EUR50,000.00 on the Organiser, if such Organiser refrained from making the Notification pursuant to Section 14 of the Industrial Code intentionally and if such Organiser carried out services to a substantial extent (section 8 paragraph. 1 Illegal Employment Law). Furthermore, any economic advantages gained by the Organiser can be absorbed. The imposing of the penalty becomes time-barred upon expiry of three years from the termination of the Exhibition.

Additionally, pursuant to section 35 of the Industrial Code, the Competent Authority is entitled to prohibit the organisation of the Exhibition by the Organiser, if the circumstances and facts suggesting the unreliability of the Organiser or Organiser's representative, who is instructed by the Organiser to manage the Exhibition, is substantiated and if such prohibition of the Exhibition is necessary in order to protect public's interest or the relevant employees.

Berlin Industrial Regulation and the German Civil Code

Pursuant to the Berlin Industrial Regulation (Verordnung über den Betrieb von baulichen Anlagen) of 10 October 2007 the operator of a plant and of facilities is responsible for the safety of events and the fulfilment of the obligations and duties set forth in such regulation. According to such provisions the operator is inter alia obliged to ensure that emergency exits will be kept free and that an appointed event manager will continuously be present at the event. Any violations of these duties may subject the operator to a penalty of up to EUR500,000.00 (Section 50 of the Berlin Industrial Regulation in connection with Section 83 para. 1 sentence 1 no. 12 of the Berlin Building Code). The prosecution of such penalty becomes time-barred upon expiry of three years beginning with the violation of the relevant duty. Pursuant to Section 32 para. 5 of the Berlin Industrial Regulation the operator is allowed to transfer these duties under certain conditions to the organiser of an event (Section 32 para. 5 of the Berlin Industrial Regulation). Regarding the Berlin Expo 2013, the Group would be responsible for these duties and therefore, the Group, as well as Messe Berlin GmbH, as venue provider, is responsible for the safety of Berlin Expo 2013 pursuant to the provisions set forth in the Berlin Industrial Regulation.

Furthermore, according to section 823 of the German Civil Code (Bürgerliches Gesetzbuch) the Group in its capacity as Organiser of Berlin Expo 2012 and 2013 is responsible for the safety of these events under civil law.

HISTORY AND DEVELOPMENT

OUR BUSINESS HISTORY

Our Group was established in 2009. Prior to the founding of our Group, Mr. Lee, our chairman, chief executive officer and executive Director, started his career in the exhibition industry back in 1978 when he joined HKTDC. During his tenure of over 23 years with HKTDC until he left his position as director of exhibitions and publications of HKTDC in 2002, Mr. Lee took up various roles and had accumulated extensive industry knowledge and in-depth market understanding in the trade exhibition industry through his industry-related working experience. During the period from April 1984 to February 1987, Mr. Lee also served in the London office of HKTDC when he gained experiences in overseas exhibition industry and practices.

When our Group was established in 2009, our operating subsidiary, Mega Expo (HK), entered into a project management agreement (“**Project Management Agreement**”) with GIIL in June 2009 for a term of three years commencing from the date of the Project Management Agreement, to provide trade exhibition management services to the Mega Show Part I New Wing for 2009; and other trade fairs, shows and exhibitions that GIIL may notify our Group from time to time during the term of the Project Management Agreement. GIIL was a company controlled by Mr. Cheung, who is also an industry player engaged in the exhibition organising industry and was an executive director of Sino Resources Group Limited (Stock Code: 223) (formerly known as Kenfair International (Holdings) Limited) until 2009. During his tenure at Sino Resources (formerly known as Kenfair International (Holdings) Limited, Mr. Cheung was the director of Sino Resources (formerly known as Kenfair International (Holdings) Limited) and was involved in the administration, operation, organisation and marketing of its trade exhibitions (including the Mega Shows). In 2009, Mr. Cheung resigned from his position in Sino Resources (formerly known as Kenfair International (Holdings) Limited) and started his own business, and at the relevant time GIIL had secured the rights for organising several trade exhibitions, including the Mega Shows for 2009. Mr. Lee has known and acquainted with Mr. Cheung for more than 20 years since 1991 when Mr. Lee was then working for HKTDC and Mr. Cheung and his business partners acted as the organiser to the Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show (which became the Mega Show Part I) which was first held in October 1992. Since then Mr. Cheung and his business partners gradually broadened the scope of the Hong Kong International Toys & Gifts Show and Asian Gifts Premium & Household Products Show, and the exhibition expanded into Part I and Part II since October 2003. To the best of our Directors’ knowledge and as confirmed by Mr. Cheung, he and his business partners at that time considered the name of the exhibition to be too lengthy, and adopted the name Mega Show to reflect the scale of the exhibition. With Mr. Lee’s more than 20 years’ experience in the exhibition industry, he considered that the business collaboration between our Group and Mr. Cheung had business potentials and it could also make good use of his experience in the exhibition industry. Hence, when Mr. Cheung approached him for possible business collaboration in 2009 to act as project manager for the Mega Show Part I New Wing for 2009, Mr. Lee negotiated with and our Group entered into the Project Management Agreement with GIIL in June the same year.

In September 2009, our Group further collaborated with GIIL Group and Pro-Capital Group, the then project manager of the Mega Show Part I Old Wing and the Mega Show Part II, and our Group was appointed to provide Exhibition Related Services for the Mega Show Part I Old Wing and the Mega Show Part II for 2009; and the parties thereto entered into similar arrangements again in 2010. Our Group had since then took up more substantial role in the Mega Shows. While our Group continued to act as the project manager for the Mega Show Part I New Wing, we acted as the sub-manager for the Mega Show Part I Old Wing and the Mega Show Part II to provide sub-management support for the exhibition in 2011. In 2012, our Group entered into another project management agreement with GIIL Group to act as the project manager for the entire Mega Shows.

HISTORY AND DEVELOPMENT

For further details of the agreement terms and the summary of exhibitions managed by us in collaboration with GIIL Group and/or Pro-Capital Group during the Track Record Period, please refer to the section headed “Business – Arrangement with GIIL Group and Pro-Capital Group” in this prospectus.

According to the Industry Report, Mega Show Part I managed by us during 2012 ranked second in terms of number of exhibitors in Hong Kong. During the Track Record Period, the Mega Shows had attracted a high number of exhibitors and visitors with over 4,000 exhibitors and 55,000 visitors each year.

Apart from managing the Mega Shows in Hong Kong, in 2010, our Group also provided Exhibition Related Services to other organisers or project managers from time to time. We believe this international exposure further extends our relationships with other organisers or project managers and offers chances for us to know the exhibitors and visitors participating in these other trade exhibitions, thereby providing a solid foundation for us to organise and manage similar overseas trade exhibitions.

Subsequently, our management made strategic moves and achieved various important milestones in our business expansion. In order to diversify our exhibition portfolios, in 2010, we ventured into the consumer exhibition market and managed our first consumer exhibition in the PRC and later our first consumer exhibition in Hong Kong.

In 2011 and 2012, with the vision to expand our geographical coverage and capture the potential business opportunities in the overseas markets, we organised our first overseas trade exhibition with an exhibition theme on gifts and premium in Singapore and the US.

In February 2012, with a view to exploring opportunities in organising trade exhibitions in different industry segments, we further collaborated with GIIL, the organiser of the first Berlin Expo, and acted as the project manager of the first Berlin Expo. Berlin Expo is a trade exhibition with exhibition theme on garment and apparels. Our Directors considered our attempt in developing new exhibitions could enrich our exhibition portfolios and enhance our Group’s competitiveness and strengthen our market position in the trade exhibition industry. As our Directors considered Berlin Expo, as an exhibition with new theme, offered potential for further development, our Group took up the role as organiser for the second Berlin Expo in February 2013.

During the Track Record Period, save as being the organiser or project manager for various trade exhibitions, our Group also provided value-added services to cater for our exhibitors and target visitors. In October 2011, we launched our first issue of fair catalogue, an annual complimentary catalogue to be published every October to coincide with the peak sourcing season of global buyers. With an aim to develop an industry specific information platform to enhance business between the international buyers and Asian manufacturers, we publish and provide optional advertising services in our fair catalogue to exhibitors joining the trade exhibitions organised or managed by us for promotion of their own products.

HISTORY AND DEVELOPMENT

Below are the milestones in our business development since our establishment in 2009 and up to the Latest Practicable Date:

Time	Event
March 2009	Establishment of Mega Expo (HK)
October 2009	Took up the following roles in the Mega Shows: <ul style="list-style-type: none">– acted as the project manager of the Mega Show Part I New Wing– provided Exhibition Related Services to the Mega Show Part I Old Wing and the Mega Show Part II
March 2010	Ventured into the consumer exhibition market and acted as project manager of our first consumer exhibition in the PRC – Ningbo Consumer Expo
May 2011	Organised our first consumer exhibition in Hong Kong – Hong Kong International Buddhist Fair
October 2011	Launched our first issue of fair catalogue
November 2011	Organised our first overseas trade exhibition in Singapore with exhibition theme on gifts and premium – Singapore Asia Expo
February 2012	Acted as project manager to a trade exhibition with new exhibition theme on garment and apparels – Berlin Expo
August 2012	Organised our first trade exhibition in US with exhibition theme on gifts and premium – Vegas Expo
October 2012	Acted as the project manager of the Mega Shows
February 2013	Acted as the organiser of the Berlin Expo

HISTORY AND DEVELOPMENT

OUR CORPORATE HISTORY

Mega Expo (HK)

Mega Expo (HK) was previously known as Fine China Management Limited and was incorporated in Hong Kong on 11 March 2009. Its name was changed to Kenfair Exhibition (Hong Kong) Limited on 9 July 2009 and subsequently to Mega Expo (Hong Kong) Limited on 20 July 2012. It has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was issued at par to GNL09 Limited, an Independent Third Party, as the first subscriber upon incorporation and such share was transferred at par to Mr. Lee on 27 April 2009. Mega Expo (HK) is principally engaged in the organisation and management of trade exhibitions in Hong Kong.

Pursuant to the Reorganisation, the entire issued share capital of Mega Expo (HK) held by Mr. Lee was transferred to Expand Trade on 30 July 2012. Since then, Mega Expo (HK) had been a wholly-owned subsidiary of Expand Trade up to the Latest Practicable Date.

Mega Expo Operations

Top Elite Management Limited was incorporated in the BVI on 2 January 2009. On 21 August 2009, its name was changed to Kenfair Operations Management Limited and subsequently to Mega Expo Operations Management Limited on 16 July 2012. It has an authorised share capital of US\$50,000 divided into 50,000 shares of US \$1.00 each, of which one share was issued to Mr. Lee at par on 24 April 2009. On 23 September 2009, Mega Expo Operations was registered as a non-Hong Kong company under Part XI of the Companies Ordinance. Mega Expo Operations is principally engaged in booth contracting management.

Pursuant to the Reorganisation, the entire issued share capital of Mega Expo Operations held by Mr. Lee was transferred to Expand Trade on 4 July 2012. Since then, Mega Expo Operations had been a wholly-owned subsidiary of Expand Trade up to the Latest Practicable Date.

Ningbo Tianyi

On 7 May 2009, KEL and Ningbo Partner entered into a joint venture agreement to establish Ningbo Tianyi as a 70-30 joint venture company. Ningbo Tianyi was established on 8 September 2009 as a sino-foreign joint venture with limited liability with an approved registered capital of RMB2,000,000 (to be contributed as to RMB1,400,000 (in HK\$ dollar or US\$ equivalent) (70%) by KEL and RMB600,000 (30%) by Ningbo Partner) and a total investment amount of RMB2,000,000. The registered capital of Ningbo Tianyi was contributed by cash in full by each of KEL and Ningbo Partner in accordance with their respective obligations under the joint venture agreement and the laws and regulations of the PRC as at 23 March 2010.

Ningbo Tianyi obtained its Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macau and Overseas Chinese in the PRC (《台港澳僑投資企業批准證書》) (“**Certificates of Approval**”) on 11 August 2009, and its business licence on 8 September 2009. The approved business scope of Ningbo Tianyi included hosting and organising all kinds of economic and technical exhibitions and conference in the PRC; and holding conference and providing consultation and management services in relation to the aforesaid business overseas.

HISTORY AND DEVELOPMENT

On 20 September 2010, KEL and Mega Expo (HK) entered into an equity transfer agreement, pursuant to which KEL agreed to transfer its 70% equity interest in Ningbo Tianyi (i.e. paid-up capital of RMB1,400,000 (in HK\$ or USD equivalent)) to Mega Expo (HK) at a consideration of RMB1,400,000 (in HK\$ or USD equivalent), which was determined based on the then paid-up capital of Ningbo Tianyi. Approval for such transfer was obtained on 11 October 2010 from the relevant PRC regulatory authorities. The Certificate of Approval (《台港澳僑投資企業批准證書》) and Notice for the Company Registry Change (《准予變更登記通知書》) in respect of the transfer was granted to Ningbo Tianyi on 12 October 2010 and 16 November 2010, respectively.

On 31 October 2011, Mega Expo (HK) and Ningbo Partner entered into an equity transfer agreement (“**Principal Agreement**”), pursuant to which Ningbo Partner agreed to transfer its 30% equity interest in Ningbo Tianyi (i.e. paid-up capital of RMB600,000 (in HK\$ or USD equivalent)) to Mega Expo (HK) at a consideration of RMB600,000 (in HK\$ or USD equivalent) (“**Consideration**”), which was determined based on the then paid-up capital of Ningbo Tianyi. Each party agreed that Mega Expo (HK) should transfer the Consideration to the accounts designated by Ningbo Partner within ten business days from the signing of the Principal Agreement and the obtaining of relevant board and shareholders’ approval. As confirmed by our Directors, since Ningbo Partner had not completed the relevant foreign exchange accounts opening procedures, Mega Expo (HK) could not arrange for the transfer of the Consideration as stipulated in the Principal Agreement. Both parties to the Principal Agreement agreed to enter into the first supplemental agreement to the Principal Agreement on 2 August 2012, pursuant to which the parties thereto agreed to extend the payment date for the Consideration to 31 August 2012. On 7 December 2012, Mega Expo (HK) and Ningbo Partner entered into the second supplemental agreement to the Principal Agreement, pursuant to which the payment date was further extended to 30 June 2013.

The principal business activities of both Ningbo Tianyi and Shenzhen Hengjian are the provision of customer services such as handling customer enquiries in relation to trade exhibitions organised or participated by our Group, with the role of Ningbo Tianyi primarily in relation to the Berlin Expo, while Shenzhen Hengjian’s role mainly in relation to provision of customer services to other trade exhibitions organised or participated by our Group. As our Directors consider that the Berlin Expo has been operating on track after its second edition in 2013, they consider that it would not be necessary to maintain a separate entity in the PRC solely for handling customer enquiries for the Berlin Expo; and that it would be more efficient and cost effective for Shenzhen Hengjian to take up the role of Ningbo Tianyi to provide customer services in the PRC in relation to all of our exhibitions rather than to maintain a separate PRC entity to provide customer services for the Berlin Expo. General management of the Berlin Expo has always been conducted by our management team in Hong Kong, and the deregistration of Ningbo Tianyi and the taking up of the role of Ningbo Tianyi by Shenzhen Hengjian will not affect or result in any transfer of management role of the Berlin Expo from Ningbo Tianyi to Shenzhen Hengjian. On 30 June 2013, Mega Expo (HK) and Ningbo Partner entered into a confirmation regarding, among others, that Mega Expo (HK) is not required to pay the Consideration to Ningbo Partner anymore pursuant to the Principal Agreement and the relevant supplemental agreements, and that all outstanding responsibilities of the parties pursuant to the Principal Agreement and the relevant supplement agreements shall be terminated. As advised by our PRC Legal Advisers, the confirmation is lawful and effective, and is binding upon being signed by Mega Expo (HK) and Ningbo Partner.

HISTORY AND DEVELOPMENT

Mega Expo (HK) has decided to deregister Ningbo Tianyi, and is arranging for the application and other relevant documentation. Our PRC Legal Advisers confirmed that Mega Expo (HK) can legally apply for the deregistration of Ningbo Tianyi with the application and other necessary documentation in accordance with the relevant PRC laws. As at the Latest Practicable Date, according to the local agency engaged by our Group to deregister Ningbo Tianyi, Ningbo Tianyi is in the process of tax liquidation. Upon completion of the tax liquidation, the local agency will on behalf of our Company apply for the deregistration approval or registration from the all other relevant PRC regulatory authorities.

Shenzhen Hengjian

On 30 November 2010, Shenzhen Hengjian was established by Mega Expo (HK) as a wholly foreign owned enterprise with limited liability in the PRC under the name of 深圳建發創劃展覽策劃有限公司 (Shenzhen Jianfa Chuanghua Exhibition Planning Limited*) (“**Shenzhen Jianfa**”) with a registered capital of US\$300,000 and a total investment of US\$300,000. The approved business scope of Shenzhen Jianfa includes engaging in exhibition display design, sales and marketing planning and providing related information consultation (restricted items not included) (for the aforesaid scope where permit management or relevant qualification is required to obtain before operation; to act in accordance with the relevant provisions).

Shenzhen Jianfa obtained its Certificate of Approval (《台港澳僑投資企業批准證書》) on 8 November 2010, and its business licence on 30 November 2010. As at 13 February 2011, the registered capital of Shenzhen Jianfa of US\$300,000 was fully paid-up by Mega Expo (HK) in accordance with the laws and regulations of the PRC.

On 10 September 2012, a shareholder’s resolution of Shenzhen Jianfa was duly passed to resolve to change its name to the present name of Shenzhen Hengjian. Such change of name was approved by the Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局) on 12 September 2012 and the corresponding revised business licence and Certificate of Approval was granted on 27 September 2012 and 19 October 2012 respectively.

Since its establishment and up to the Latest Practicable Date, Shenzhen Hengjian remained as a direct wholly owned subsidiary of Mega Expo (HK). The principal business activities of Shenzhen Hengjian are the provision of customer services in the PRC, such as handling customer enquiries, in relation to trade exhibitions organised or participated by our Group.

i-MegAsia

On 17 March 2011, i-MegAsia was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was issued at par to Mr. Lee upon incorporation. i-MegAsia was incorporated to engage in the publication of fair catalogue.

Pursuant to the Reorganisation, the entire issued share capital of i-MegAsia held by Mr. Lee was transferred to Expand Trade on 30 July 2012. Since then, i-MegAsia had been a wholly owned subsidiary of Expand Trade up to the Latest Practicable Date.

HISTORY AND DEVELOPMENT

Mega Expo (Berlin)

Mega Berlin Limited was incorporated in the BVI on 8 May 2012. Its name was changed to Mega Expo (Berlin) Limited on 1 August 2012. It has an authorised share capital of US\$50,000 divided into 50,000 shares of US \$1.00 each, of which one share was issued at par to Mr. Lee on 11 May 2012. Mega Expo (Berlin) is principally engaged in organising and managing Berlin Expo.

Pursuant to the Reorganisation, the entire issued share capital of Mega Expo (Berlin) held by Mr. Lee was transferred to Expand Trade on 4 July 2012. Since then, Mega Expo (Berlin) had been a wholly owned subsidiary of Expand Trade up to the Latest Practicable Date.

Mega Expo (BVI) and Mega Expo (SG)

Kenfair Exhibition (Hong Kong) Limited was incorporated in the BVI on 21 March 2011. Its name was changed to Mega Expo (Hong Kong) Limited on 12 July 2012. It has an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which one share was issued at par to Mr. Lee upon incorporation. On 3 October 2011, Mega Expo (BVI) was registered as a non-Hong Kong company under Part XI of the Companies Ordinance. On 16 April 2013, Mega Expo (SG) was registered in Singapore as a branch of Mega Expo (BVI). Mega Expo (BVI) is principally engaged in organising and managing the Singapore Asia Expo.

Pursuant to the Reorganisation, the entire issued share capital of Mega Expo (BVI) held by Mr. Lee was transferred to Expand Trade on 4 July 2012. Since then, Mega Expo (BVI) had been a wholly owned subsidiary of Expand Trade up to the Latest Practicable Date.

Profit Topmark

Profit Topmark Limited was incorporated in the BVI on 6 April 2011 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which one share was issued at par to Davies Nominees Limited, an Independent Third Party as the subscriber, upon incorporation and such share was transferred at par to Mr. Lee on 1 August 2011. Profit Topmark was inactive as at the Latest Practicable Date.

Pursuant to the Reorganisation, the entire issued share capital of Profit Topmark held by Mr. Lee was transferred to Expand Trade on 8 August 2012. Since then, Profit Topmark had been a wholly owned subsidiary of Expand Trade up to the Latest Practicable Date.

Mega Expo (USA)

Kenfair Exhibition (U.S.A.) Limited was incorporated in the BVI on 31 May 2011. Its name was changed to Mega Expo (U.S.A.) Limited on 12 July 2012. It has an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which one share was issued at par to Mr. Lee upon incorporation. Mega Expo (USA) was registered as a foreign corporation in Nevada, US, on 12 April 2013. Mega Expo (USA) is principally engaged in organising and managing Vegas Expo and holds the entire interest in the issued share capital of Mega Expo (U.S.A.) Inc.

HISTORY AND DEVELOPMENT

Pursuant to the Reorganisation, the entire issued share capital of Mega Expo (USA) held by Mr. Lee was transferred to Expand Trade on 4 July 2012. Since then, Mega Expo (USA) had been a wholly owned subsidiary of Expand Trade up to the Latest Practicable Date.

Mega Expo (U.S.A.) Inc.

Mega Expo (U.S.A.) Inc. was incorporated in the US on 12 April 2013, and is authorised to issue 100 shares with a par value of US\$0.001 each. On 6 May 2013, 100 shares of Mega Expo (U.S.A.) Inc. were allotted and issued to Mega Expo (USA) for US\$100. Mega Expo (U.S.A.) Inc. is incorporated with a view to organising and managing the Vegas Expo.

New Heyday

On 19 March 2012, New Heyday was incorporated in the BVI. It has an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each, of which one share was allotted and issued at par to each of Mr. Lee and Mr. Cheung on 15 June 2012. The said one share held by and registered in the name of Mr. Cheung in New Heyday was held on trust pursuant to a declaration of trust dated 19 November 2012 in favour of Mr. Lee for administrative convenience. New Heyday is a holding company, holding the entire interest in the issued share capital of Idea Trade.

Pursuant to the Reorganisation, the entire share capital of New Heyday was transferred to Expand Trade on 19 November 2012, details of which are set out in the section headed “Reorganisation” in this prospectus. Since then, New Heyday had become a wholly owned subsidiary of Expand Trade up to the Latest Practicable Date.

Idea Trade

On 30 May 2012, Idea Trade was incorporated in the BVI with an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each. On 15 June 2012, New Heyday subscribed for and was allotted and issued one share in the share capital of Idea Trade at par value. Since its incorporation and up to the Latest Practicable Date, Idea Trade was a wholly owned subsidiary of New Heyday. Idea Trade is principally engaged in holding certain licences in connection with the trade exhibitions held in HKCEC.

Mega Expo Travel

On 19 September 2012, Mega Expo Travel was incorporated in Hong Kong with an authorised share capital of HK\$2,000,000 divided into 2,000,000 shares of HK\$1.00 each, of which 500,000 shares were issued at par to Expand Trade upon incorporation. Mega Expo Travel was inactive as at the Latest Practicable Date. Since its incorporation, Mega Expo Travel had been a wholly owned subsidiary of Expand Trade up to the Latest Practicable Date. Mega Expo Travel is intended to be used to carry on the provision of travel and accommodation services to exhibitors and visitors as and when our Directors consider appropriate. We would only submit the application for travel licence to the relevant governmental authority in the future as and when our Directors considered appropriate.

HISTORY AND DEVELOPMENT

Expand Trade

On 30 May 2012, Expand Trade was incorporated in the BVI with an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each. On 15 June 2012, Business Good subscribed for and was allotted and issued one share in the share capital of Expand Trade at par value. Expand Trade is an intermediate holding company of our Group.

Pursuant to the Reorganisation, the entire share capital of Expand Trade was transferred to our Company on 3 October 2013, details of which are set out in the section headed “Reorganisation” in this prospectus. Since then, Expand Trade had been a wholly owned subsidiary of our Company up to the Latest Practicable Date.

Our Company

For the purpose of the Listing, our Company was incorporated on 21 August 2012 in the Cayman Islands under the Companies Law as an exempted company with limited liability with an authorised share capital of HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each. As a result of the Reorganisation, our Company became the ultimate holding company of our Group, holding the entire interest in the issued share capital of Expand Trade. Details of the Reorganisation are set out in the section headed “Reorganisation” in this prospectus.

For charts illustrating the shareholding structure of our Group (i) immediately prior to the Reorganisation; (ii) after the Reorganisation and immediately prior to the Capitalisation Issue and the Share Offer; and (iii) following completion of the Capitalisation Issue and the Share Offer (assuming that no Shares have been issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), please refer to the section headed “Reorganisation” in this prospectus.

REORGANISATION

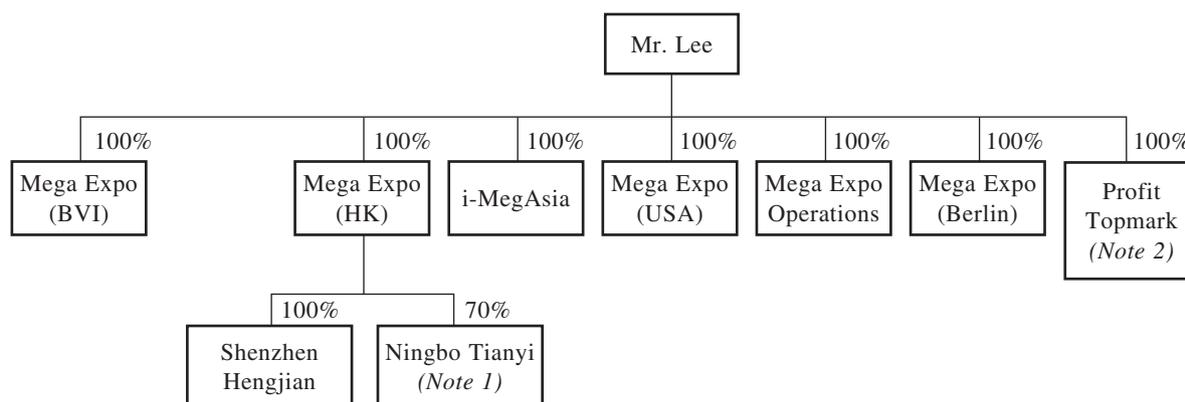
INTRODUCTION

In contemplation of the Listing, members of our Group have undergone certain restructuring steps through which a coherent structure of our Group has been established which are suitable for the Listing. The Reorganisation involved the following principal steps:-

- (1) incorporation of New Heyday, Business Good, Expand Trade and Idea Trade
- (2) acquisition of the entire issued share capital in each of Mega Expo Operations, Mega Expo (HK), Mega Expo (BVI), i-MegAsia, Mega Expo (USA), Mega Expo (Berlin) and Profit Topmark by Expand Trade and issue and allotment of shares by Business Good
- (3) incorporation of our Company
- (4) acquisition of the entire issued share capital in New Heyday by Expand Trade and issue and allotment of shares by Business Good
- (5) sub-division of shares of our Company
- (6) transfer of the entire issued share capital of our Company to Business Good and transfer of the entire issued share capital of Expand Trade to our Company

CORPORATE STRUCTURE PRIOR TO THE REORGANISATION

Set out below is the shareholding structure of our Group immediately prior to the Reorganisation:



Notes:

1. Prior to the Reorganisation, Mega Expo (HK) entered into an equity transfer agreement and supplemental agreements with Ningbo Partner to acquire its 30% equity interest in Ningbo Tianyi.
2. Profit Topmark was inactive.

REORGANISATION

DETAILED PROCEDURES

For the purpose of the Listing, the following steps have been implemented to effect the Reorganisation:

(1) Incorporation of New Heyday, Business Good, Expand Trade and Idea Trade

(a) New Heyday

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

(b) Business Good

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

(c) Expand Trade

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

(d) Idea Trade

On 30 May 2012, Idea Trade was incorporated in the BVI for the purpose of holding certain licences in connection with the trade exhibitions including the licence in relation to the Mega Shows with an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each. On 15 June 2012, New Heyday subscribed for and was allotted and issued one share in the share capital of Idea Trade at par value.

(2) Acquisition of the entire issued share capital in each of Mega Expo Operations, Mega Expo (HK), Mega Expo (BVI), i-MegAsia, Mega Expo (USA), Mega Expo (Berlin) and Profit Topmark by Expand Trade and issue and allotment of shares by Business Good

On 4 July 2012, Mr. Lee transferred one share in the issued share capital of each of Mega Expo Operations, Mega Expo (BVI), Mega Expo (USA) and Mega Expo (Berlin), representing their respective entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing an aggregate of four shares in Business Good to Mr. Lee.

REORGANISATION

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

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

Following this step, each of Mega Expo Operations, Mega Expo (HK), Mega Expo (BVI), i-MegAsia, Mega Expo (USA), Mega Expo (Berlin) and Profit Topmark became a subsidiary of Expand Trade.

(3) Incorporation of our Company

On 21 August 2012, our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company to act as the ultimate holding company of our Group. The authorised share capital of our Company, on incorporation, was HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each. On 21 August 2012, our Company allotted and issued one nil-paid share to Codan Trust Company (Cayman) Limited, which was transferred to Mr. Lee on the same date. The said one nil-paid share of our Company was subsequently paid up in the manner described in paragraph (6) below.

(4) Acquisition of the entire issued share capital in New Heyday by Expand Trade and issue and allotment of shares by Business Good

On 19 November 2012, Mr. Lee and Mr. Cheung entered into a deed (“**Deed**”), pursuant to which the parties thereto confirmed and agreed that in consideration of Mr. Cheung procuring HKCEC Management to enter into licence agreements for the occupancy of venue for the Mega Shows in 2013 (the “**2013 HKCEC Licence Agreement**”), Mr. Lee would procure Business Good to allot and issue 68 shares in Business Good to Mr. Cheung, subject to and upon the terms and conditions in the Deed. As confirmed and provided by Mr. Cheung, he intended to spend more time in his new business ventures and preferred to act as a passive equity holder of the Mega Shows instead of acting as organiser of the Mega Shows. Having considered the amount of time spent by him on managing GIIL and organising the Mega Shows from 2009 to 2012, including the formulating of the overall strategic planning and promotional plan for the Mega Shows under the project management agreements as disclosed in the section headed “Business – Arrangement with GIIL Group and Pro-Capital Group” in this prospectus, Mr. Cheung agreed with Mr. Lee that GIIL would discontinue to act as organiser of the Mega Shows from 2013 onwards and in return he would receive equity interest in our Company instead of receipt of annual income from our Group for cooperating with our Group and acts as organiser of the Mega Shows while our Group acts as project manager of the Mega Shows.

In order to effect such reorganisation, Mr. Lee and Mr. Cheung mutually agreed that Mr. Cheung would (a) discontinue to enter into future licence agreement of the Mega Shows; and (b) procure Mr. Lee to become the licence holder of the Mega Shows. In this regard (i) a shareholders’

REORGANISATION

resolution of GIIL confirming that GIIL will no longer apply for licence agreement of the Mega Shows 2013 and (ii) a letter to HKCEC Management, requesting for the transfer of licensee under the licence agreement for the Mega Shows to be held in 2013 to Idea Trade was sent to HKCEC Management (Idea Trade was the entity nominated by Mr. Lee to hold the relevant licence). As part of such reorganisation, Mr. Lee and Mr. Cheung also entered into the Deed, pursuant to which both confirmed and agreed that in consideration of Mr. Cheung procuring HKCEC Management, the venue provider of the Mega Shows, to enter into 2013 HKCEC Licence Agreement with Idea Trade, Mr. Lee would procure Business Good to allot and issue 68 shares in Business Good to Mr. Cheung, subject to and upon the terms and conditions as set out in the Deed. Both Mr. Lee and Mr. Cheung acknowledged that the Deed did not constitute a transfer of business nor a provision of services between Mr. Lee and Mr. Cheung.

In view of the above circumstances, our Directors consider and the Reporting Accountants concur that, the entering into of the Deed between Mr. Cheung and Mr. Lee and the allotment of shares thereunder does not constitute any provision of services by Mr. Cheung. Hence the allotment of shares pursuant to the Deed does not constitute a share-based payment transaction according to Hong Kong Financial Reporting Standard 2 “Share-based Payment”.

Our Directors are further of the view that and the Reporting Accountants concur that, after taking into account the above mentioned facts, the transactions stipulated in the Deed only involved transfer of equity interest between Mr. Lee and Mr. Cheung at the controlling shareholder level and did not constitute any provision of services or transfer of asset by Mr. Cheung to our Group. According to HKFRS, the transactions stipulated in the Deed are not required to be accounted for in our Group’s combined financial statements during the Track Record Period.

On 15 October 2012, the 2013 HKCEC Licence Agreement was entered into between HKCEC Management and Idea Trade.

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

Following this step, New Heyday became a subsidiary of Expand Trade.

(5) Sub-division of shares of our Company

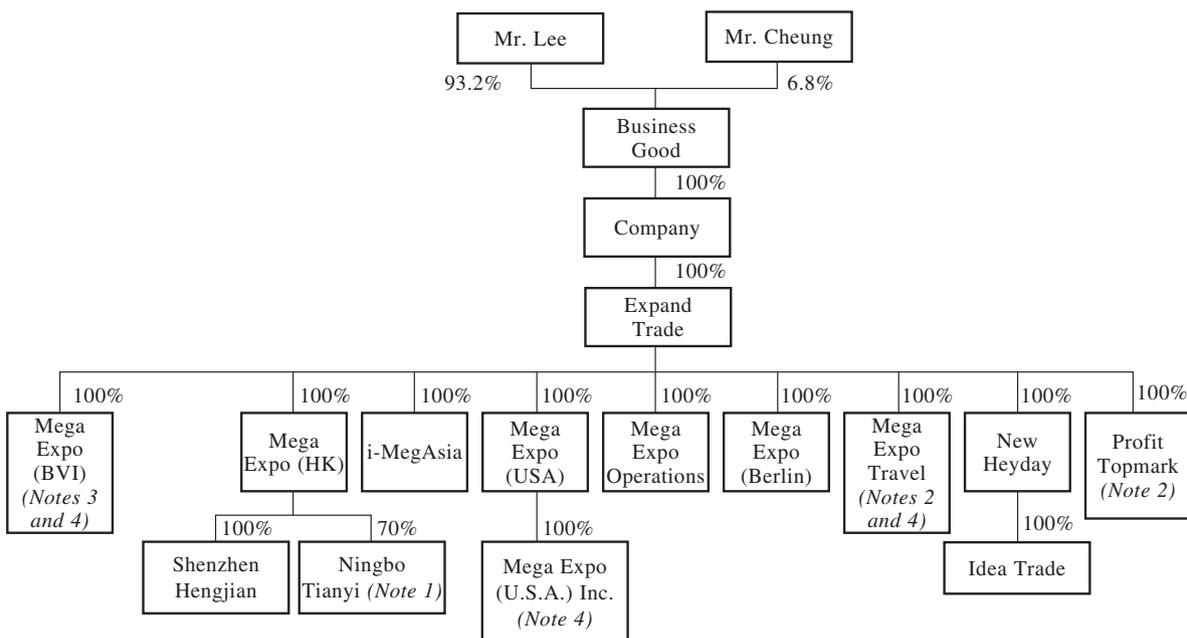
On 3 October 2013, each issued and unissued ordinary share of our Company of HK\$0.10 each was sub-divided into 10 Shares of HK\$0.01 each and following the sub-division of share capital in our Company, the number of shares of our Company was increased from 1,000,000 to 10,000,000.

REORGANISATION

(6) Transfer of the entire issued share capital of our Company to Business Good and transfer of entire issued share capital of Expand Trade to our Company

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

CORPORATE STRUCTURE AFTER THE REORGANISATION AND IMMEDIATELY PRIOR TO THE CAPITALISATION ISSUE AND THE SHARE OFFER

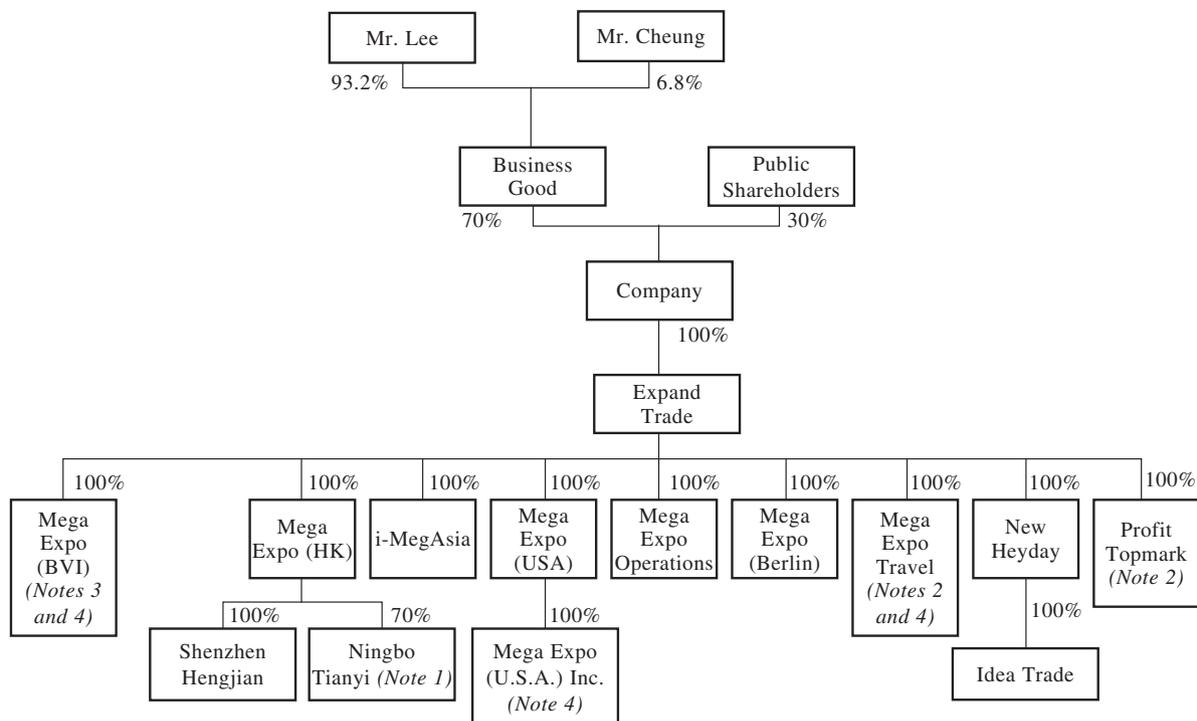


Notes:

1. Prior to the Reorganisation, Mega Expo (HK) entered into an equity transfer agreement and supplemental agreements with Ningbo Partner to acquire its 30% equity interest in Ningbo Tianyi. As at the Latest Practicable Date, Ningbo Tianyi is in the course of arranging for voluntary deregistration. For further details, please refer to the section headed “History and development – Our corporate history – Ningbo Tianyi” in this prospectus.
2. Mega Expo Travel and Profit Topmark were inactive.
3. Mega Expo (BVI) registered Mega Expo (SG) in Singapore as its branch on 16 April 2013.
4. The incorporation of Mega Expo Travel and Mega Expo (U.S.A.) Inc. and registration of Mega Expo (SG) are not part of Reorganisation.

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CORPORATE STRUCTURE FOLLOWING COMPLETION OF THE CAPITALISATION ISSUE AND THE SHARE OFFER (taking into no account of any Shares that may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme)



Notes:

1. Prior to the Reorganisation, Mega Expo (HK) entered into an equity transfer agreement and supplemental agreements with Ningbo Partner to acquire its 30% equity interest in Ningbo Tianyi. As at the Latest Practicable Date, Ningbo Tianyi is in the course of arranging for voluntary deregistration. For further details, please refer to the section headed “History and development – Our corporate history – Ningbo Tianyi” in this prospectus.
2. Mega Expo Travel and Profit Topmark were inactive.
3. Mega Expo (BVI) registered Mega Expo (SG) in Singapore as its branch on 16 April 2013.
4. The incorporation of Mega Expo Travel and Mega Expo (U.S.A.) Inc. and registration of Mega Expo (SG) are not part of Reorganisation.

BUSINESS

BUSINESS OVERVIEW

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

Our principal business activities

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

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

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

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

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

BUSINESS

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

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

Exhibitions participated by our Group

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

BUSINESS

Operating workflow of exhibition managed or organised by our Group

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

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

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

COMPETITIVE STRENGTHS

Our Group has an experienced management team

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

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

Proven business track record of exhibitions managed or organised by us

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

BUSINESS

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

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

Extensive network and connections in Asia

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

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

One-stop exhibition management and organisation services

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

BUSINESS

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

Our experience in managing and organising exhibitions internationally

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

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

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

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

BUSINESS STRATEGIES

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

BUSINESS

Expansion and improvement on existing trade exhibitions

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

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

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

Development of new exhibitions

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

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

BUSINESS

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

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

Improving our information technology systems and setting up of branch offices

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

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

OUR SERVICES

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

Management and organisation of exhibitions

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

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

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

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

BUSINESS

Provision of Exhibition Related Services

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

Our Exhibition Related Services generally include:

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

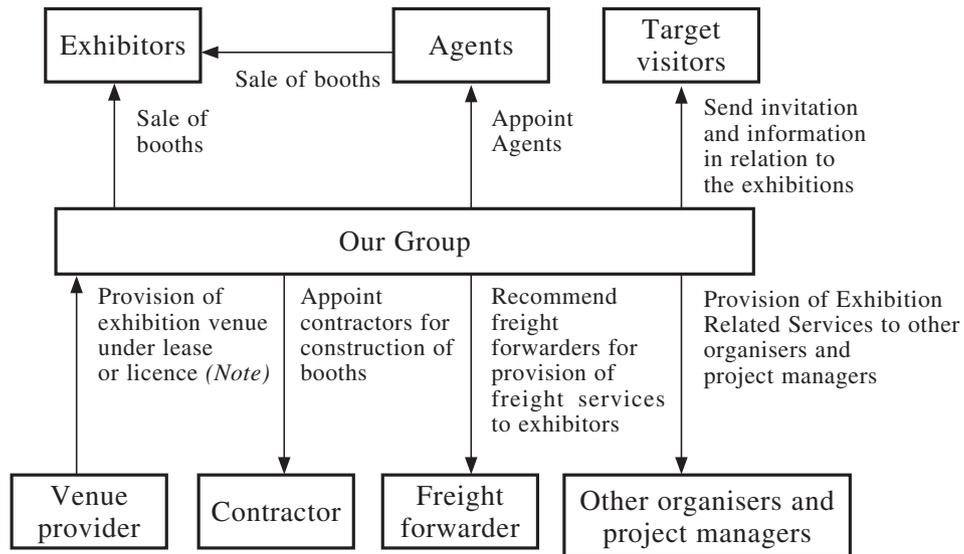
For exhibitions of which we provide management services (including on-site management services, booth management services and sub-management services), our service fee will largely depend on the scope of work required and is determined based on commercial negotiation between us and the organisers or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

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

BUSINESS

Our business model

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



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

BUSINESS

EXHIBITIONS PARTICIPATED BY OUR GROUP

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

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

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

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

BUSINESS

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

* translation for identification purposes only

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

BUSINESS

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

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

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

BUSINESS

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

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

Notes:

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

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

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

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

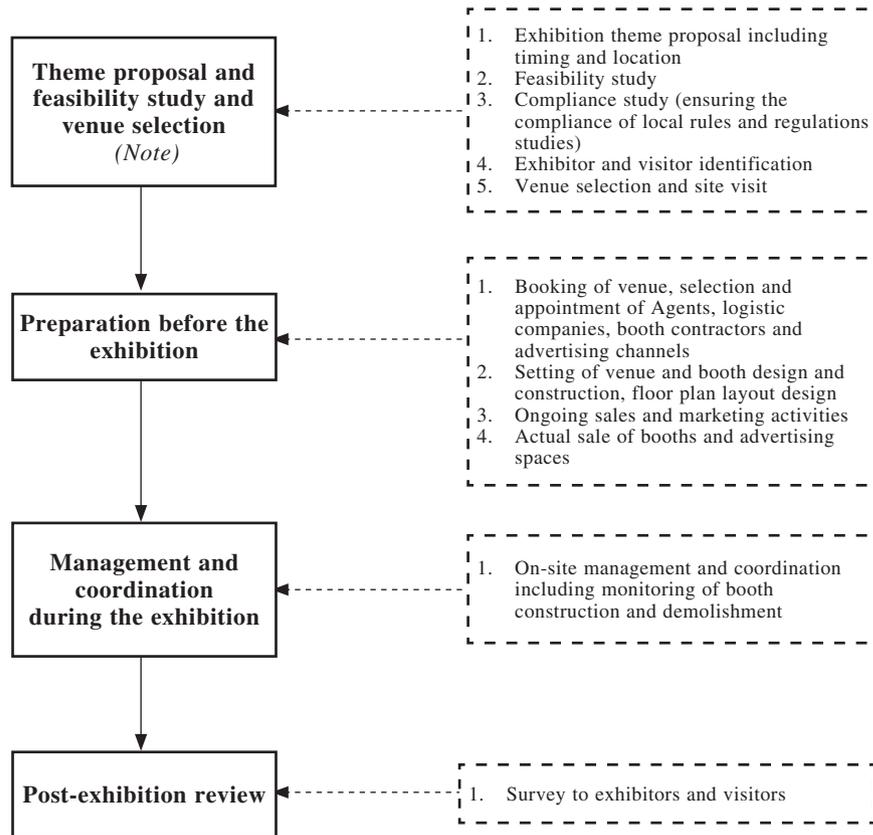
BUSINESS

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

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

OPERATION WORKFLOW

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

Exhibition management and organisation service

Note: For new exhibitions only

Theme proposal and feasibility study and venue selection

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

BUSINESS

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

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

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

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

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

Preparation before the exhibition

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

BUSINESS

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

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

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

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

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

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

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

BUSINESS

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

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

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

Ongoing sales and marketing activities

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

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

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

BUSINESS

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

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

Actual sale of booths and advertising spaces

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

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

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

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

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

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

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

BUSINESS

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

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

Refund policy

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

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

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

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

Ongoing cost control

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

BUSINESS

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

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

Management and coordination during the exhibition

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

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

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

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

Post-exhibition review

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

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

Recurring exhibitions

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

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

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

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

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

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

CUSTOMERS

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

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

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

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

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

SUPPLIERS

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

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

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

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

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

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

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

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

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

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

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

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

AGENTS

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

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

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

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

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

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

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

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

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

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

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

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

Policy regarding the selection of Agents

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

LICENCES

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

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

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

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

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

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

ARRANGEMENT WITH GIIL GROUP AND PRO-CAPITAL GROUP

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

Project management services

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

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

Parties

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

Primary responsibilities of the parties

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

Consideration

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

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

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

Exhibition Related Services

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

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

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

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

Parties

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

Term

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

Primary responsibilities of the Mega Expo (HK)

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

Consideration

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

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

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

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

Parties:

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

Term

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

Primary responsibilities of our Group

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

Consideration

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

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

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

The salient terms of the respective agreements are summarised below:

Parties

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

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Term

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

Primary responsibilities of our Group

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

Consideration

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

Sub-management agreement

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

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

Parties

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

Term

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

Primary responsibilities of Mega Expo (HK)

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

BUSINESS

Consideration

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

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

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

Operation and administrative support services

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

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

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

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

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

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

GIL Group

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

Sino Resources

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

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Pro-Capital Group

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

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

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

Historical arrangement with GIL Group

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

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

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

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

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

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

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

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

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

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

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

The Mega Shows

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

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

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

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

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

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

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

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

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

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

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

Entering into licence agreement for the Mega Shows from 2015 onwards

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

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

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

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

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

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

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

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

F: Final settlement of sales agents commission

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INSURANCE

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

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

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

INTELLECTUAL PROPERTY RIGHTS

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

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

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

SAFETY AND ENVIRONMENTAL PROTECTION

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

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

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

EMPLOYEES

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

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

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

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

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

COMPETITION

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

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

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

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

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PROPERTY INTERESTS

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

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

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

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

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

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

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

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

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

REGULATORY COMPLIANCE AND TAXATION

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

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

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Overseas tax exposure

German tax

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

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

Singapore tax

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

US tax

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

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HISTORICAL NON-COMPLIANCE

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

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

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

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

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

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

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

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

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

Non-compliance with PRC social insurance fund contribution requirements

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

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

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

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

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

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

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

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

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

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

Non-compliance with section 122 of the Companies Ordinance

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

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

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Non-compliance regarding foreign exchange control regulations in the PRC

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

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

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

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

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

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

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

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

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

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Registration of Business in Singapore

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

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

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

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

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

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

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

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

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

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

Travel arrangement services

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

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

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

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

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

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

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

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

Results of initial review included the following major findings:

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

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

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

In respect of the Personal Arrangement:

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

In respect of other historical non-compliance incident:

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

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

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

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

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

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Immediately following the Share Offer and Capitalisation Issue and taking into no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, our Company will be owned as to approximately 70% and 30% by Business Good and the public respectively. Business Good is a company incorporated in the BVI on 3 April 2012 and an investment company. As at the Latest Practicable Date, Business Good was owned as to 93.2% by Mr. Lee and 6.8% by Mr. Cheung. As Business Good and Mr. Lee, directly or indirectly entitled to exercise or control the exercise of 30% or more of the voting power at our general meeting, each of Business Good and Mr. Lee is regarded as our Controlling Shareholder under the Listing Rules.

As at the Latest Practicable Date, neither Business Good nor Mr. Lee controls or conducts any business which competes, or is likely to compete, either directly or indirectly, with our business.

Our Directors consider that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective associates based on the following particulars:

Management Independence

Our Board comprises two executive Directors, and three independent non-executive Directors. Mr. Lee, our chairman, the chief executive officer of our Company and an executive Director, is our Controlling Shareholder.

Except as disclosed above and in the section headed “Directors, senior management and staff” in this prospectus, no other Controlling Shareholder holds any directorship in our Company. Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the respective interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Save as disclosed, we have an independent senior management team to carry out the business decisions of our Group independently. Having considered the above factors, our Directors are satisfied that our senior management team is able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Share Offer.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational and financial independence

Our Group is principally engaged in the organisation and management of trade exhibitions as well as the provision of Exhibition Related Services for other exhibition organisers or project managers. We are capable of providing services to cater for our exhibitors and target visitors of exhibitions that are organised or managed by us. It is our business goal to promote and facilitate trades between international buyers and manufacturers, particularly manufacturers from Asia through the trade exhibitions organised or managed by us. Our major customers are (i) exhibition services agents which purchase our booths and resell to exhibitors and (ii) exhibitors which we sold our booths to directly or referred by our sales agents. None of our Directors or their respective associates, or any Shareholder who, to the knowledge of our Directors, holds more than 5% of our issued Shares, had any interest in any of our customers or our five largest customers during the Track Record Period.

Our Group's major suppliers are exhibition organisers, advertising agents, venue providers, booth contractors and sales agents. Save as Mr. Cheung who is the beneficial owner of GIIL Group, none of our Directors, their respective associates and Shareholders who owns more than 5% of the issued share capital of our Company has any interest in any of the top five suppliers of our Group during the Track Record Period. Our Directors are satisfied that we have independent access to our suppliers.

During the Track Record Period, we principally financed our operations through cash generated from our operation. Our source of funding is independent from our Controlling Shareholders and none of our Controlling Shareholders or their respective associates had financed our operations during the Track Record Period. Our Directors also believe that we are able to obtain financing independently from our Controlling Shareholders.

During the Track Record Period and up to the Latest Practicable Date, we had our own finance department and independent accounting systems. During our operation, we do not use any facilities of our Controlling Shareholders or their respective associates.

Amounts due from Mr. Lee, our Controlling Shareholder amounted to approximately HK\$45.9 million, HK\$55.9 million and HK\$21.8 million as at 30 June 2011, 30 June 2012 and 30 June 2013 respectively. Such balances were unsecured, interest free, and repayable on demand. As at the Latest Practicable Date, all of the balances with our Controlling Shareholder have been fully settled.

Save as aforesaid, our Group does not rely on our Controlling Shareholders and/or their respective associates by virtue of provision of financial assistance. Accordingly, there is no financial dependence on our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

NON-COMPETITION

Non-Competition Undertaking

Each of our Controlling Shareholders (namely Business Good and Mr. Lee) and Mr. Cheung has confirmed that none of them is engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business. To protect our Group from any potential competition, each of our Controlling Shareholders and Mr. Cheung has given an unconditional and irrevocable non-compete undertaking (the “**Non-Competition Undertaking**”) in favour of our Company (for itself and for the benefits of its subsidiaries) on 18 October 2013, pursuant to which each of our Controlling Shareholders and Mr. Cheung has, among other matters, unconditionally and irrevocably undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of our Controlling Shareholders and Mr. Cheung shall, and shall procure that their respective associates and/or companies controlled by them (other than our Group):

- (i) not, directly or indirectly, be interested or involved or engaged in or carry on or concern with or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to the provision of (i) organisation of trade exhibition, trade exhibition service as exhibition organiser or project manager; (ii) advertising services in the fair catalogues; (iii) booth design service to exhibitors; and business ancillary to any of the foregoing) in Hong Kong, the PRC, Germany, Singapore, the US, Russia, Macau, Poland, and the UK and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above currently and from time to time (the “**Restricted Activity**”);
- (ii) not solicit any existing employee or then existing employee of our Group for employment by it/him or its/his associates (excluding our Group);
- (iii) not, without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to its/his knowledge in its/his capacity as our Controlling Shareholder (in the case of Business Good and Mr. Lee) or as the shareholder of Business Good (in the case of Mr. Lee and Mr. Cheung) or otherwise for any purpose of engaging, investing or participating in any Restricted Activity;
- (iv) if there is any project or new business opportunity that relates to the Restricted Activity, refer such project or new business opportunity to our Group for consideration;
- (v) not invest or participate in or carry on any project or business opportunity of the Restricted Activity; and
- (vi) procure its/his associates (excluding our Group) not to invest or participate in or carry on any project or business opportunity of the Restricted Activity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The above undertakings are subject to the exception that any of the associates of our Controlling Shareholders or Mr. Cheung (excluding our Group) are entitled to invest, participate and be engaged in or carry on any Restricted Activity or any project or business opportunity, regardless of value, which has been offered or made available to our Group, provided always that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our Directors (including our independent non-executive Directors without the attendance by any Director with beneficial interest in such project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of the independent non-executive Directors), confirmed its rejection in writing to be involved or engaged, or to participate or carry on, in the relevant Restricted Activity and provided also that the principal terms on which that relevant associate of our Controlling Shareholders or Mr. Cheung invests, participates or engages in the Restricted Activity are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the relevant associate of our Controlling Shareholders or Mr. Cheung decides to be involved, engaged, participate in or carry on the relevant Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement, participation or carrying on must be disclosed to our Company and our Directors as soon as practicable.

The Non-Competition Undertaking is conditional on (i) the Listing Committee granting listing of, and permission to deal in, all our Shares in issue and to be issued under the Share Offer and our Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the Underwriters) and that the Underwriting Agreements not being terminated in accordance with its terms or otherwise.

For the above purpose, the “**Relevant Period**” means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

- (a) as for our Controlling Shareholders, the date on which our Controlling Shareholders and their associates (individually or taken as a whole) ceases to own 30% or more of the then issued share capital of our Company directly or indirectly or cease to be the controlling shareholders of our Company for the purpose of the Listing Rules; and as for Mr. Cheung, the date on which he and his associates (individually or taken as a whole) ceases to own 5% of the then issued share capital of Business Good directly or indirectly; or
- (b) the date on which our Shares cease to be listed on the Stock Exchange.

Under the Non-Competition Undertaking, each of our Controlling Shareholders and Mr. Cheung has unconditionally and irrevocably undertaken to our Group to allow our Directors, their respective representatives and the auditors of our Group to have sufficient access to the records of each of our Controlling Shareholders and Mr. Cheung and their respective associates to ensure compliance with the terms and conditions of the Non-Competition Undertaking. Each of our Controlling Shareholders and Mr. Cheung has unconditionally and irrevocably undertaken under the Non-Competition Undertaking that he or it shall provide to us and our Directors (including our independent non-executive Directors) from time to time all information necessary for the annual review by our independent non-executive Directors with regard to compliance with the terms of the Non-Competition Undertaking by our Controlling Shareholders

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

and Mr. Cheung. Each of our Controlling Shareholders and Mr. Cheung has also unconditionally and irrevocably undertaken to make an annual declaration as to full compliance with the terms of the Non-Competition Undertaking and a consent to disclose such letter in our annual report.

CORPORATE GOVERNANCE MEASURES

In order to properly manage any potential or actual conflict of interests between us and our Controlling Shareholders and Mr. Cheung in relation to compliance and enforcement of the Non-Competition Undertaking, we have adopted the following corporate governance measures:

- (a) our independent non-executive Directors shall review, at least on an annual basis, compliance and enforcement of the terms of the Non-Competition Undertaking by our Controlling Shareholders and Mr. Cheung;
- (b) we will disclose any decisions, with basis, made by independent non-executive Directors on whether to accept the business opportunity referred by our Controlling Shareholders or Mr. Cheung in the annual report after Listing;
- (c) we will disclose in the corporate governance report of our annual report on how the terms of the Non-Competition Undertaking have been complied with and enforced; and
- (d) in the event that any of our Directors and/or their respective associates has material interest in any matter to be deliberated by our Board in relation to compliance and enforcement of the Non-Competition Undertaking, he may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and Mr. Cheung and their respective associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

DIRECTORS

Our Board currently consists of five Directors, comprising two executive Directors, and three independent non-executive Directors.

The information of our Directors is set out as follows:

Name	Age	Position/Title	Role and responsibility	Appointment date as Director
Mr. Lee Chi Sang (李志生)	57	Chairman of our Board, chief executive officer and executive Director	<ul style="list-style-type: none"> – responsible for the overall strategic planning and management of our Group – member of our remuneration committee – chairman of our nomination committee 	21 August 2012
Mr. Si Tze Fung (施子豐)	50	Executive Director	<ul style="list-style-type: none"> – responsible for day-to-day business operation, general administration and management and overseeing the sales functions of our Group 	21 August 2012
Mr. Chu Kwok Man (朱國民)	57	Independent non-executive Director	<ul style="list-style-type: none"> – supervising and providing independent judgement to our Board – chairman of our remuneration committee – member of our audit committee – member of our nomination committee 	18 October 2013
Mr. Leung Hung Kee (梁鴻基)	43	Independent non-executive Director	<ul style="list-style-type: none"> – supervising and providing independent judgement to our Board – chairman of our audit committee – member of our remuneration committee 	18 October 2013
Mr. Yeung Wai Keung (楊偉強)	51	Independent non-executive Director	<ul style="list-style-type: none"> – supervising and providing independent judgement to our Board – member of our audit committee – member of our nomination committee 	18 October 2013

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Executive Directors

Mr. Lee Chi Sang (李志生), aged 57, the founder of our Group, is the chairman of the Board, chief executive officer of our Company and was appointed as our executive Director on 21 August 2012. He is responsible for the overall strategic planning and management of our Group. Mr. Lee graduated from the University of Hong Kong and obtained the bachelor degree of Social Science in 1978. Mr. Lee possesses over 26 years of experience in trade promotion, exhibition organisation and trade publishing in Hong Kong and overseas. In June 1978, Mr. Lee joined HKTDC as an executive trainee and subsequently took up the role of market officer in the trade services department. In April 1984, Mr. Lee was stationed in the London office of HKTDC as manager and stayed until February 1987. In September 1988, Mr. Lee rejoined HKTDC as the exhibition services manager; and since then Mr. Lee had stayed in HKTDC for around 13 years until his early retirement in January 2002. During his tenure with HKTDC, he was promoted at various stages and acted as the senior manager of exhibitions department and senior manager of publications department. During the period from February 1997 to January 2002, Mr. Lee was engaged as the assistant executive director of HKTDC and his last position held was the director of exhibitions and publications. Through his extensive industry-related working experience, Mr. Lee has accumulated in-depth industry knowledge and market understanding for the trade exhibition industry. After his retirement from HKTDC in 2002, save as his investment in the health care business during the period from 2003 to 2006 and his personal investments in properties and stocks, Mr. Lee did not have interest in any other businesses other than our Group.

Mr. Lee is the director of each of Expand Trade, Mega Expo (HK), Mega Expo Operations, Mega Expo (BVI), i-MegAsia, Mega Expo (USA), Mega Expo (Berlin), Profit Topmark, Mega Expo Travel, New Heyday and Idea Trade and the supervisor of Ningbo Tianyi. Mr. Lee is a shareholder of Business Good as to 93.2% and is one of its two directors.

Mr. Si Tze Fung (施子豐), aged 50, was appointed as our executive Director on 21 August 2012. He is the manager of our Group and is responsible for day-to-day business operation, general administration and management and overseeing the sales functions of our Group. Mr. Si has been engaging in the trade exhibition industry since 1998 and has over 14 years of experience in the industry. During the period from October 1982 to May 1998, Mr. Si was employed by a consumer bank in Hong Kong whereas his last position was senior clerk. In May 1998, Mr. Si joined Kenfair International Limited (“**Kenfair International**”), as assistant manager, responsible for booth design and liaising with booth contractors. During his previous employment in Kenfair International from May 1998 to June 2009, Mr. Si was promoted to sales manager and subsequently to senior manager. Mr. Si finished his secondary education in Hong Kong in 1981. Mr. Si joined our Group in July 2009. Mr. Si is the director of each of Expand Trade, Mega Expo (HK), Mega Expo Operations, Mega Expo (BVI), i-MegAsia, Mega Expo (USA), Mega Expo (U.S.A.) Inc., Mega Expo (Berlin), Profit Topmark, Mega Expo Travel, New Heyday, Idea Trade, Shenzhen Hengjian and Ningbo Tianyi. He is also the authorised representative of Shenzhen Hengjian and Ningbo Tianyi. Mr. Si is one of the two directors of Business Good.

Our executive Directors confirm that they are not interested in any business apart from our Group’s business, which competes or is likely to compete, either directly or indirectly, with our Group’s business.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Independent non-executive Directors

Mr. Chu Kwok Man (朱國民), aged 57, was appointed as our independent non-executive Director on 18 October 2013. Mr. Chu is a solicitor practicing in Hong Kong since 1983. Mr. Chu was awarded the degree of bachelor of laws by the University of London as an external student in 1981, master of laws by the City University of Hong Kong in 1997 and master of corporate finance by The Hong Kong Polytechnic University in 2006. Mr. Chu was an independent non-executive director of (1) Decca Holdings Limited (Stock Code: 997) (now known as Chinlink International Holdings Limited), a company listed on the Main Board of the Stock Exchange, from February 2000 to February 2012 and (2) JF Household Furnishings Limited (Stock Code: 776) (a company listed on the Growth Enterprise Market of the Stock Exchange in October 2005 which was transferred to the Main Board of the Stock Exchange in September 2008) from April 2008 to August 2011. Mr. Chu was appointed in March 1999 as the non-executive director of Multistack International Limited, a company listed on the Australian Securities Exchange, and was elected and has been acting as its chairman from May 2004 to May 2013.

During the period between July 1993 to February 2004 and between April 2004 to October 2006, Mr. Chu was a director of each of KCI Services Limited (“**KCI Services**”) and Noble Partners Limited (“**Noble Partners**”) respectively, each a private company incorporated in Hong Kong. Each of KCI Services and Noble Partners was dissolved in February 2004 and October 2006 respectively, by deregistration based on its own application pursuant to section 291AA of the Companies Ordinance. Prior to being dissolved by deregistration, KCI Services was principally engaged in provision of company secretarial services and had become defunct and ceased business and Noble Partners had never commenced business. Under section 291AA of the Companies Ordinance, an application to deregister a private company can only be made if (a) all the members of the company agree to the deregistration; (b) the company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) the company has no outstanding liabilities.

During the period between June 1997 to September 2001, Mr. Chu was a director of Sharp Trend Industries Limited (“**Sharp Trend**”), a private company incorporated in Hong Kong and was dissolved by striking off pursuant to section 291 of the Companies Ordinance in September 2001 for not carrying on business or in operation. According to Mr. Chu, the said company had never commenced business and was solvent and dormant at the time of it being struck off. The dissolution of the said company has not resulted in any liability or obligation imposed against him.

Mr. Chu confirmed that there was no wrongful act on his part leading to the dissolution of each of KCI Services and Noble Partners by deregistration and dissolution of Sharp Trend by striking off and that, as far as Mr. Chu is aware, no actual or potential claim has been or will be made against him as a result of such dissolution. Our Directors are of the view that Mr. Chu has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with his position as a director of a listed issuer.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Leung Hung Kee (梁鴻基) *FCCA*, aged 43, was appointed as our independent non-executive Director on 18 October 2013. Mr. Leung obtained a master's degree in business administration from a joint program of the Columbia Business School, the London Business School and The University of Hong Kong in June 2012, and a bachelor of arts degree in accounting and finance from the University of Lancaster in the United Kingdom in June 1993. Mr. Leung was admitted as a fellow of the Association of Chartered Certified Accountants in November 2003. From December 1993 to April 1999, Mr. Leung joined a worldwide professional services firm; and he was promoted in January 1997 as a senior accountant. During the period from April 1999 to July 2007, Mr. Leung was engaged by various insurance companies, including as the senior manager of finance department at CIGNA Worldwide Insurance Company and was mainly responsible for financial reporting and internal audit. During the period from May 2008 to August 2011, Mr. Leung took up the position of engagement manager in Jefferson Wells HK Ltd. Mr. Leung took the position of senior manager in Ernst & Young Advisory Services Limited in August 2011. Since October 2013, Mr. Leung has taken up the role of chief risk officer in an insurance company.

Mr. Yeung Wai Keung (楊偉強), aged 51, was appointed as our independent non-executive Director on 18 October 2013. Mr. Yeung was awarded the master's degree in business administration by the University of Hull in the United Kingdom in December 1995. In September 1993, Mr. Yeung obtained the diploma in Management Studies awarded jointly by the Hong Kong Polytechnic and Hong Kong Management Association. Subsequently in December 1998, Mr. Yeung has completed the course offered through the School of Professional and Continuing Education of The University of Hong Kong and obtained the diploma in Marketing awarded by Hong Kong Institute of Marketing. Mr. Yeung also obtained the postgraduate diploma in Marketing awarded by The Chartered Institute of Marketing.

Mr. Yeung has more than 25 years of experience in the trade exhibition industry. He started his career in the industry with the position of operation supervisor in an exhibition contracting company. From February 1988 to February 1994, Mr. Yeung joined HKCEC as event coordinator and was subsequently promoted to assistant events manager. From April 1994 to May 2005, Mr. Yeung re-joined HKCEC and took up the position of events manager and was subsequently promoted to the position of event planning and coordination manager of HKCEC, at which he was responsible for monitoring the day-to-day operation and supervising the events ran in the HKCEC. In June 2005, Mr. Yeung joined Guangzhou Jinhan Exhibition Centre as the deputy general manager. In November 2006 and subsequently in July 2011, he took up the positions of the director of exhibition management at The Venetian Macao-Resort-Hotel and vice president of convention and exhibition department at Beijing Mangrove International Hotel & Resorts Ltd respectively and was responsible for overseeing the operations of the exhibition venues. Since February 2012, Mr. Yeung joined Hong Kong Shun Tak Holding Ltd. as the deputy general manager of Canton Tower in Guangzhou.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as the interests of Mr. Lee in our Shares which are disclosed in the section headed "Persons having notifiable interests under the SFO" in this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO. In addition, our Directors confirmed that none of them is interested in any business which competes or is likely to compete with our Group's business.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Mr. Khan Javed Iqbal, aged 50, is our general manager. Mr. Khan has over 21 years of experience in the trade exhibition industry. Mr. Khan joined our Group in September 2012 and is responsible for overseeing and coordinating the sales department and development of new trade exhibitions. Prior to joining our Group, Mr. Khan joined Kenfair International as marketing executive in January 1992. During his previous employment in Kenfair International, Mr. Khan was promoted to assistant sales manager in May 1993, sales manager in April 1995 and subsequently senior sales manager in August 2000. He was responsible for supervising promotion and marketing activities and sale of exhibition booths for various sizable trade exhibitions held in Hong Kong and overseas. From April 2002 to June 2009, Mr. Khan was engaged as the general manager of Kenfair International and responsible for the overall day-to-day operation of the company. In June 2008, Mr. Khan was appointed as the executive director of Kenfair International (Holdings) Limited (now known as Sino Resources Group Limited) (Stock Code: 223), a company listed on the Main Board and subsequently resigned in April 2009. During his tenure at Sino Resources (formerly known as Kenfair International (Holdings) Limited), Mr. Khan acted as its director and general manager. He was responsible for the sales, promotion and marketing of its trade exhibitions (including the Mega Shows) and its administration function. During the period from July 2009 to August 2012, Mr. Khan acted as the general manager of Kenfair Exhibition Limited.

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

Mr. Tsui Wai Lun (徐偉倫), aged 49, joined our Group in July 2009 as operations manager and is responsible for monitoring the operation aspects of various stages of trade exhibitions, including liaising with venue providers for venue specification and the layout design of booth floor plan, engaging the booth contractors or other service providers, monitoring the design and setting up the trade exhibition and managing the trade exhibition on-site. Mr. Tsui has over 17 years of experience in the trade exhibition industry in Hong Kong and overseas. Prior to joining our Group, Mr. Tsui was employed by various international hotels in the PRC as purchasing officer and purchasing manager. During the period from August 1989 to September 1992, Mr. Tsui joined HKCEC as purchasing officer and was responsible for managing the purchasing of the wide variety of equipment and supplies used for international meeting or exhibition. During the period from January 1992 to August 1993, Mr. Tsui acted as the purchasing manager of a hotel in Shanghai and was responsible for the day to day operation of the purchasing

DIRECTORS, SENIOR MANAGEMENT AND STAFF

office and in charge of domestic and overseas purchasing. From September 1993 to March 1995, Mr. Tsui took up the role of sales manager of the offshore division in The Hongkong Refrigerating Co., Ltd. Subsequently, Mr. Tsui took up the roles of assistant project manager and project manager in two contracting companies during the period from 1995 to 1998, and was responsible for overseeing the site project, liaising with customers and sub-contractors and controlling the progress of site work. During the period from March 1999 to February 2008, Mr. Tsui was employed by Kenfair International as operations department manager, at which Mr. Tsui was responsible for the operations matter related to the exhibitions. Mr. Tsui finished his secondary education in Hong Kong in 1981 and completed the quarter course in personnel management and industrial relation at the Division of Extramural Studies of the Hong Kong Baptist College (now known as Hong Kong Baptist University) in 1982.

Mr. Tse Wing Keung (謝永強), aged 47, is our general sales manager of our China Division. Mr. Tse has over 12 years of experience in the trade exhibition industry. Mr. Tse joined our Group in July 2010 and is responsible for handling sales activities with exhibitors from PRC and agents for various trade exhibitions in Hong Kong and overseas. Mr. Tse is also the director of Ningbo Tianyi and general manager of Shenzhen Hengjian. Prior to joining our Group, Mr. Tse was employed by Kenfair International and Kenfair International (Overseas) Limited from 15 November 2000 to July 2010, and Mr. Tse joined the company as sales executive and was subsequently promoted to senior project manager handling designated Chinese exhibitors from PRC. Mr. Tse finished his secondary education in Hong Kong in 1983. In September 2012, Mr. Tse obtained the EMD certified by the UFI and the University of Cooperative Education in Ravensburg, Germany. Mr. Tse is the brother-in-law of Mr. Cheung.

Mr. Leong Weng Kin (梁永健), aged 47, joined our Group in June 2013 and was appointed as chief financial officer of our Company. He is primarily responsible for our Group's financial planning and reporting, and in particular, our Group's financial resources management to support our strategic growth plan. Mr. Leong has over 20 years of experience in accounting, financial management, corporate finance, company secretarial matters, and auditing. Prior to joining our Group, Mr. Leong served as the financial controller of Wang On Group Limited (stock code: 1222), a company currently listed on the Main Board, from July 2004 to November 2012. Mr. Leong was also an executive director of China Agri-Products Exchange Limited (stock code: 149), a company currently listed on the Main Board, from February 2009 to November 2012. Furthermore, Mr. Leong joined Dailywin Group Limited as financial controller in April 1994 and took the positions of group financial director and company secretary from 1995 to July 2004. Dailywin Group Limited, currently known as Wai Yuen Tong Medicine Limited (stock code: 897), was listed on the London Stock Exchange from March 1995 to April 2002 and has been listed on the Main Board since October 1997. In 2001, it was acquired by Wang On Group Limited.

Mr. Leong holds a degree of master of business administration from The Chinese University of Hong Kong awarded in December 2003, a professional diploma in management accountancy from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) awarded in November 1989, and is a fellow of the Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

Unless otherwise stated above, none of the members of our senior management has been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years from the Latest Practicable Date.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

COMPANY SECRETARY

Mr. Lui Chi Ho (呂志豪), aged 40, who has been so nominated by Stevenson, Wong & Co. under an engagement letter made between our Company and Stevenson, Wong & Co, pursuant to which Stevenson, Wong & Co. has agreed to provide certain corporate secretarial services to our Company, was appointed by our Board as our company secretary on 18 October 2013. He is currently a partner of Stevenson, Wong & Co., a law firm in Hong Kong. Mr. Lui has been admitted as a solicitor to the High Court of Hong Kong since 1999. He is also admitted as a solicitor to the Supreme Court of England and Wales in 2004. Mr. Lui is a member of the Chartered Institute of Arbitrators and is an accredited mediator of Hong Kong International Arbitration Centre and the Law Society of Hong Kong. He is also a member of the Solicitors Disciplinary Tribunal Panel and chairman to Appeal Tribunal Panel (Buildings). Mr. Lui is confident that he can allocate sufficient time and resources to take up the role of the company secretary of our Company. Mr. Lui is served by a team of staff from Stevenson, Wong & Co.

STAFF

We maintain good working relations with our staff. We have not experienced any significant problems with the recruitment and retention of experienced employees. In addition, we have not suffered from any material disruption of our normal business operations as a result of labour disputes or strikes. The remuneration payable to our employees includes salaries, discretionary bonuses and commission.

Benefits

As required by the employment laws in Hong Kong, our Group participates in a provident fund scheme registered under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all our eligible employees in Hong Kong. We contribute 5% of our employees' relevant income per month as required under the ordinance subject to a maximum of HK\$1,250 per employee. Contributions from us are 100% vested in each employee immediately but, subject to limited exceptions, all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 or ceases employment and the employee declares not to become employed or self-employed within the foreseeable future. We also provide medical insurance and labour insurance for each of our Hong Kong staff.

In the PRC, in accordance with relevant national and local labour and social welfare laws and regulations, we are required to pay in respect of our employees in the PRC various social insurance including basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance, hospital insurance and insurance for maternity leave.

Compensation

The aggregate amounts of remuneration of our Directors for the three years ended 30 June 2013 were approximately HK\$3.6 million, HK\$3.5 million and HK\$6.4 million respectively. Details of the arrangement for remuneration are set out in Note 10 to the Accountants' report in Appendix I to this prospectus. Under such arrangement and pursuant to our Directors' service agreements and letters of appointment referred to in the paragraph headed "Further information about Directors and Shareholders – 12. Directors – (b) Particulars of Directors' service contracts" in Appendix IV to this prospectus, the aggregate amount of directors' fee and other emoluments payable to our Directors for the year ending 30 June 2014 is estimated to be approximately HK\$7.6 million, excluding any discretionary bonuses.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation packages of our Directors and senior management.

After Listing, the remuneration committee of our Company will make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

During the Track Record Period, no remuneration was paid by our Company to, or received by, our Directors as an inducement to join or upon joining our Company.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules pursuant to a resolution of our Directors passed on 18 October 2013. The primary duties of our audit committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of our Company. At present, our audit committee comprises Mr. Chu Kwok Man, Mr. Leung Hung Kee and Mr. Yeung Wai Keung, all being independent non-executive Directors. Mr. Leung Hung Kee is the chairman of our audit committee.

Remuneration committee

Our Company established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules pursuant to a resolution of our Directors passed on 18 October 2013. The primary functions of our remuneration committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group and ensure none of our Directors determine their own remuneration. At present, our remuneration committee comprises Mr. Chu Kwok Man, Mr. Leung Hung Kee, all being our independent non-executive Directors and Mr. Lee, our chairman, chief executive officer and our executive Director. Mr. Chu Kwok Man is the chairman of our remuneration committee.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Nomination committee

Our Company established a nomination committee on 18 October 2013 with written terms of reference in compliance with and paragraph A.5 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary functions of our nomination committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board. At present, our nomination committee comprises Mr. Chu Kwok Man, Mr. Yeung Wai Keung, both being our independent non-executive Directors and Mr. Lee, our chairman, chief executive officer and our executive Director. Mr. Lee is the chairman of the nomination committee.

COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, our Company will appoint Halcyon Capital Limited as our Group's compliance adviser, who will have access to our Company's authorised representatives, executive Directors and other officers at all reasonable times. The compliance adviser will advise our Company on ongoing compliance requirements and other issues under the Listing Rules and other applicable laws and regulations in Hong Kong after the Share Offer. The material terms of the compliance adviser's agreement to be entered into between our Company and the compliance adviser are as follows:

- (i) the compliance adviser's appointment is for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date (the "**Term**");
- (ii) the compliance adviser shall provide our Company with guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines in Hong Kong;
- (iii) our Company will indemnify the compliance adviser against all claims, actions, demands, liabilities, proceedings and judgment brought or established against, and all costs, charges and expenses suffered or incurred by the compliance adviser arising from or in connection with such appointment and/or the resignation or termination in relation thereto, unless such losses, liabilities, costs, claims, charges, actions, proceedings, damages, expenses and demands are determined by a final court of jurisdiction to have arisen solely as a result of wilful default or gross negligence on the part of the compliance adviser; and
- (iv) either our Company or Halcyon Capital Limited may terminate the said appointment prior to expiry of the Term in accordance with its terms and conditions.

SHARE CAPITAL

SHARE CAPITAL

The share capital of our Company immediately following the Share Offer and the Capitalisation Issue will be as follows:

	<i>HK\$</i>
<i>Authorised share capital:</i>	
1,000,000,000 Shares of HK\$0.01 each	10,000,000
<i>Issued and to be issued, fully paid or credited as fully paid</i>	
10,000,000 Shares in issue at the date of this prospectus	100,000
140,000,000 Shares to be issued pursuant to the Capitalisation Issue	1,400,000
50,000,000 Shares to be issued pursuant to the Share Offer	500,000
200,000,000 Shares	2,000,000
200,000,000 Shares	2,000,000

Assumptions

This table assumes the Share Offer has become unconditional and the issue of Shares pursuant thereto is made as described herein. It takes into no account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

Ranking

The Offer Shares and the Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme will rank equally with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus except for the Capitalisation Issue.

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed "Other information – 15. Share Option Scheme" in Appendix IV to this prospectus.

SHARE CAPITAL

General mandate to issue Shares

Conditional on the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- i. 20% of the aggregate nominal value of our share capital in issue immediately following completion of the Share Offer and the Capitalisation Issue excluding any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme; and
- ii. the aggregate nominal value of our share capital repurchased by our Company (if any) pursuant to the repurchase mandate (as referred to below).

The allotment and issue of Shares under a rights issue or pursuant to the exercise of any subscription rights, warrants which may be issued by our Company from time to time, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, or on the exercise of the options granted under the Share Option Scheme do not generally require the approval of shareholders of our Company in general meeting and the aggregate nominal amount of Shares which our Directors are authorised to allot and issue pursuant to this mandate will not be reduced by the allotment and issue of such Shares.

This general mandate to issue Shares will expire:

- at the conclusion of our next annual general meeting;
- upon the expiration of the period within which our next general meeting is required by the Articles or any applicable laws to be held; or
- at the date on which such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, see the paragraph headed “Further information about our Group – 3. Resolutions in writing of the sole Shareholder passed on 18 October 2013” in Appendix IV to this prospectus.

SHARE CAPITAL

General mandate to repurchase Shares

Conditional on the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of the our share capital in issue immediately following completion of the Share Offer and the Capitalisation Issue, excluding Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme. This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “Further information about our Group – 7. Repurchase by our Company of our own securities” in Appendix IV to this prospectus.

This mandate will expire:

- at the conclusion of our next annual general meeting;
- upon the expiration of the period within which our next annual meeting is required by the Articles or any applicable laws to be held; or
- at the date on which such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;

whichever is the earliest.

For further details of this general mandate, see the paragraph headed “Further information about our Group – 3. Resolutions in writing of the sole Shareholder passed on 18 October 2013” in Appendix IV to this prospectus.

PERSONS HAVING NOTIFIABLE INTERESTS UNDER THE SFO

So far as our Directors are aware, immediately following the completion of the Share Offer (but without taking into account Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, the following persons or entities will have an interest or a short position in our Shares and the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of members of our Group other than our Company:

(a) Interest in our Shares

Name of Shareholder(s)	Nature of interest	Number of securities held <i>(Note 1)</i>	Approximate shareholding percentage <i>(%)</i>
Business Good	Beneficial owner	140,000,000 (L)	70
Mr. Lee	Interest of a controlled corporation <i>(Note 2)</i>	140,000,000 (L)	70

Notes:

1. The letter “L” denotes the corporation/person’s long position (as defined under Part XV of the SFO) in the Shares.
2. These Shares were held by Business Good, which was owned as to 93.2% by Mr. Lee and 6.8% by Mr. Cheung.

(b) Interest in the share capital of members of our Group other than our Company

Name	Relevant company	Nature of interest	Approximate percentage of shareholding <i>(%)</i>
Ningbo Partner	Ningbo Tianyi	Beneficial owner <i>(Note)</i>	30

Note: Prior to the Reorganisation, Mega Expo (HK) entered into an equity transfer agreement and supplemental agreements with Ningbo Partner to acquire its 30% equity interest in Ningbo Tianyi. For further details, please refer to the section headed “History and development – Our corporate history – Ningbo Tianyi” in this prospectus.

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You should read this section in conjunction with our audited financial information as at and for the three years ended 30 June 2011, 2012 and 2013, including the notes thereto, as set forth in the Accountants' report set out in Appendix I to this prospectus. We have prepared the audited combined financial information on the basis set out in the Accountants' report set out in Appendix I to this prospectus and in accordance with HKFRSs.

This discussion and analysis contains forward looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward looking statements. Factors that might cause future results to differ significantly from those projected in the forward looking statements include, but are not limited to, those discussed below and elsewhere in this prospectus, particularly in "Risk factors".

OVERVIEW

Our Group is principally engaged in the organisation and management of trade exhibitions as well as the provision of Exhibition Related Services for other exhibition organisers or project managers.

The following table sets out the trade exhibitions we have participated during the Track Record Period:

During the financial year ended 30 June 2011:

Name of exhibition	Place held	Theme of exhibition	Date	Role of our Group	Revenue contribution HK\$'000
Household Expo	Moscow, Russia	Housewares trade exhibition	14-17 September 2010	agent	466
Mega Show Part I New Wing	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	20-23 October 2010	project manager	132,221
Mega Show Part I Old Wing	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	20-23 October 2010	on-site manager and booth manager	5,185
Mega Show Part II	Hong Kong	Gifts, home decorations, office and stationery trade exhibition	27-29 October 2010	on-site manager and booth manager	4,223
中國四川新春 年貨購物節 (China Sichuan New Year's Shopping Festival*)	Chengdu, PRC	Foods, fashion and accessories consumer exhibition	15-30 January 2011	agent	521
London Asia Expo	London, UK	Gifts, premiums, housewares and toys trade exhibition	24-26 January 2011	on-site manager and booth manager	800
中國進出口商品交易會 ("China Import and Export Fair")	Guangzhou, PRC	Consumer goods, food, housewares, textile and garment trade exhibition	30 April-4 May 2011	agent	103

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Name of exhibition	Place held	Theme of exhibition	Date	Role of our Group	Revenue contribution <i>HK\$'000</i>
Hong Kong International Buddhist Fair	Hong Kong	Exhibition of Buddhism related articles and seminars consumer exhibition	8-10 May 2011	organiser	1,990
中國福建商品交易會 ("Commodities Fair Fujian China")	Fuzhou, PRC	Consumer products consumer exhibition	18-22 May 2011	agent	2,123
<i>During the financial year ended 30 June 2012:</i>					
Mega Show Part I New Wing	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	20-23 October 2011	project manager	128,480
Mega Show Part I Old Wing	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	20-23 October 2011	sub-manager	10,519
Mega Show Part II	Hong Kong	Gifts, home decorations, office and stationery trade exhibition	27-29 October 2011	sub-manager	7,032
中國進出口商品交易會 ("China Import and Export Fair")	Guangzhou, PRC	Consumer goods, food, housewares, textile and garment trade exhibition	31 October- 4 November 2011	agent	34
中國四川新春 年貨購物節 (China Sichuan New Year's Shopping Festival*)	Chengdu, PRC	Foods, fashion and accessories consumer exhibition	5-12 January 2012	agent	1,190
Singapore Asia Expo	Singapore	Gifts and premium, fashion accessories, housewares, toys and games, foodware, building material, sports and outdoor items trade exhibition	23-25 November 2011	organiser (<i>Note</i>)	14,413
Berlin Expo	Berlin, Germany	Apparel and textiles trade exhibition	21-23 February 2012	project manager	4,908

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During the financial year ended 30 June 2013:

Name of exhibition	Place held	Theme of exhibition	Date	Role of our Group	Revenue contribution <i>HK\$'000</i>
Vegas Expo	Las Vegas, Nevada, US	Gifts and premium, housewares, festive & seasonal, toys, games and stationery trade exhibition	13-15 August 2012	organiser	8,192
Mega Show Part I	Hong Kong	Gifts, housewares, premiums and toys trade exhibition	20-23 October 2012	project manager	180,333
Mega Show Part II	Hong Kong	Gifts, home decorations, office and stationery trade exhibition	27-29 October 2012	project manager	14,727
Singapore Asia Expo	Singapore	Gifts and premium, fashion accessories, housewares, toys and games, foodware, building material, sports and outdoor items trade exhibition	14-16 November 2012	organiser (<i>Note</i>)	10,673
Berlin Expo	Berlin, Germany	Apparel and textiles trade exhibition	19-21 February 2013	organiser	6,603

Note: We are one of the organisers with 福建蒼源國際展覽有限公司 (Fujian Huiyuan International Exhibition Co. Ltd.*), an Independent Third Party.

The following table sets out the revenue contributed by each of the roles our Group had taken up in trade exhibitions we have participated in during the Track Record Period:

	Year ended 30 June		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Organiser	1,990	14,413	25,468
Project manager	132,221	133,388	195,060
Sub-manager	–	17,551	–
On-site manager and booth manager	10,208	–	–
Agent	3,213	1,224	–

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BASIS OF PRESENTATION

Our Company was incorporated as a limited liability company in the Cayman Islands on 21 August 2012. In preparation of the Listing, we underwent the Reorganisation, as detailed in the section headed “Reorganisation” in this prospectus. As a result of the Reorganisation, our Company became a holding company of the subsidiaries comprising our Group.

The financial information includes the combined statements of comprehensive income, combined statements of changes in equity, combined statements of cash flows and combined statements of financial position of the companies now comprising our Group. The financial information has been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, whichever is a shorter period. The combined statements of financial position of our Group as at 30 June 2011, 2012 and 2013 have been prepared to present the assets and liabilities of our Group as at the respective dates as if the current group structure had been in existence at those dates.

Transactions, balances and unrealised gain or losses on transactions between companies within our Group are eliminated on combination.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations have been and will continue to be affected by a number of factors, including the following:

The Mega Shows accounted for over 85% of our revenue for each of the financial year during the Track Record Period and if we could not continue our Mega Shows for any reasons, our financial results would be adversely affected

Since our Group’s principal source of revenue and cash inflow had during the Track Record Period been, and will for the foreseeable future continue to be, derived from the Mega Shows, our Group’s continued ability to act as organiser of the Mega Shows and the success of the Mega Shows is essential to our Group’s working capital, profitability and business operations in the foreseeable future. For each of the three years ended 30 June 2013, revenue derived from the Mega Shows accounted for approximately 95.9%, 87.6% and 88.4% respectively of our Group’s revenue. Should our Group fail to convene the Mega Shows in accordance with its scheduled period and venue or be forced to cancel the Mega Shows for reasons entirely beyond the control of our Group or fail to convene the Mega Shows for whatever reasons in the foreseeable future, the financial results of operations and business of our Group may be adversely and materially affected.

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We experience seasonal fluctuation in our revenue and cash flow due to seasonality of business

We experience seasonal fluctuations in our revenue and cash flow due to seasonality of our business. Our revenue in October of each financial year is usually higher as a majority of our revenue was generated from the Mega Shows. Over the Track Record Period, due to our revenue recognition policy to recognise revenue from each exhibition only after completion of the exhibition, revenue derived from the Mega Shows, which was recognised in October each year, represented approximately 95.9%, 87.6% and 88.4%, respectively, of our revenue in each year. Due to the seasonality of our revenue, our results of operations in any period of a year may not be indicative of the results that may be achieved for the year. Further, as we generally receive non-refundable deposits for the sale of booths from our exhibitors at their submission of application and the remaining balance at approximately six months before the exhibition is held, our cash flow from operations is relatively uneven throughout a financial year. As a result, our financial results may vary as we would record substantial revenue in the first half of a financial year. Due to the seasonality of our business, our Group may record loss in certain months/period during the year.

We rely on major venue provider which we do not enter into long term agreements with

During the Track Record Period, our Group provided project management and Exhibition Related Services to the Mega Shows which took place at HKCEC. For 2013, our Group will become the licensee for the venue at HKCEC and HKCEC Management will become one of our largest suppliers. As an organiser, we will also enter into various licence agreements with the respective venue providers of Singapore Asia Expo, Berlin Expo and Vegas Expo. It is our Directors' understanding that it is not the common practice for venue providers to enter into long term agreements for the occupancy of venue in the same time slot for more than one year and venue providers also will not guarantee the availability of the relevant venue. There is nothing to prevent competitors from booking our preferred venues and dates considered by our Group to be most attractive for our exhibitions. Therefore, there is no assurance that the owners of the venues will continue to grant the licence to the occupancy of venues to our Group in the future. Should our Group fail to maintain our business relationship with our venue providers and be unable to secure alternative venue providers who offer comparable venues, the operations and business of our Group may be adversely affected.

There may be selling price fluctuation to exhibitors and cost fluctuations of our suppliers which we may not be able to pass on to our exhibitors

The price for booths for exhibitions depends largely on prevailing market standard and may not be increased substantially. If we increase the booth price for exhibitions organised or managed by us substantially, exhibitors may decide not to participate in the exhibitions organised or managed by us which may decrease our revenue for the year. However, there may be costs fluctuations of our suppliers, such as our venue providers, booth contractors and advertising agents, as these industries could have a substantial fluctuation in their supply costs, which we would need to bear, while we may not be able to increase booth prices substantially to mirror the increase of our costs, as this may deter exhibitors to participate in the exhibitions organised or managed by us. Therefore, we may not be able to pass on our increased costs to our exhibitors, and which may have a material and adverse effect on our financial conditions and business operations.

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The following sensitivity analyses illustrate impact of hypothetical fluctuations in average booth selling price of Mega Shows, exhibition co-operation expenses, advertising and promotion expenses and booth construction costs of all exhibitions on our profit for the periods of our Group indicated with all other factors assumed unchanged:

Hypothetical fluctuations in average booth selling price of Mega Shows, exhibition co-operation expenses, advertising and promotion expenses and booth construction costs	-10%	-5%	+5%	+10%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Change in revenue due to change in average booth selling price of Mega Shows				
For the year ended 30 June 2011	(12,309)	(6,152)	6,162	12,319
For the year ended 30 June 2012	(12,172)	(6,088)	6,080	12,164
For the year ended 30 June 2013	(18,513)	(9,261)	9,242	18,493
Change in exhibition co-operation expenses of all exhibitions				
For the year ended 30 June 2011	(3,511)	(1,756)	1,756	3,511
For the year ended 30 June 2012	(3,706)	(1,853)	1,853	3,706
For the year ended 30 June 2013	(5,837)	(2,918)	2,918	5,837
Change in advertising and promotion expenses of all exhibitions				
For the year ended 30 June 2011	(909)	(454)	454	909
For the year ended 30 June 2012	(1,165)	(582)	582	1,165
For the year ended 30 June 2013	(1,023)	(511)	511	1,023
Change in booth construction costs of all exhibitions				
For the year ended 30 June 2011	(2,180)	(1,090)	1,090	2,180
For the year ended 30 June 2012	(2,382)	(1,191)	1,191	2,382
For the year ended 30 June 2013	(2,558)	(1,279)	1,279	2,558
Change in profit for the year of our Group				
For the year ended 30 June 2011	(4,744)	(2,370)	2,378	4,752
For the year ended 30 June 2012	(3,970)	(1,987)	1,980	3,963
For the year ended 30 June 2013	(6,876)	(3,442)	3,428	6,861

Intensive preparatory works and advance cash payment required for organising exhibitions

In preparation for an exhibition, our Group has to carry out preparatory works in cooperation with the exhibitors, venue providers, service providers and other participants in the exhibition industry. More importantly, significant payments have to be made by our Group for booking a suitable venue as exhibition venue providers typically require a cash deposit which ranges from 10% to 50% of the total rental in advance for each booking, and for marketing and promotional activities including advertising through various channels and designing and printing of various promotional materials. For each of the three years ended 30 June 2013, the aggregate expenses of exhibition rentals and advertising and

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promotion expenses amounted to approximately HK\$10.6 million, HK\$15.6 million and HK\$13.2 million respectively. Exhibition rentals will further increase as our Group will take up the role as organiser of the Mega Shows to be held in October 2013. Since our Group accepts deposits for booth rental from some exhibitors only after we have performed part of the aforesaid preparatory work and have incurred relevant expenses, upon which the exhibitors are generally required to pay a 50% non-refundable deposit to our Group upon submission of the application form and the remaining balance at approximately six months before the date of the exhibitions, there is a cashflow mismatch and our Group has to make advance cash payments before receiving any deposits from such exhibitors.

In the event that a proposed exhibition fails to materialise as planned, a suitable venue is not available at the times preferred by our Group, our Group fails to complete its preparatory works on time or our Group does not have sufficient cash to book an exhibition venue, our Group's business and results of operations may be adversely affected.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified below the accounting policies that have been applied consistently throughout the Track Record Period which, we believe, are critical to the preparation of our financial information.

In the application of these accounting policies, our Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates, judgments and associated assumptions are continually evaluated and are based on historical experience and other factors that may have a significant effect on the carrying amounts of assets and liabilities of our Group, are discussed below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both the current and future periods.

Our management team considers the following factors in reviewing the respective combined financial information:

- the selection of critical accounting policies; and
- the judgments and other uncertainties affecting the application of those critical accounting policies.

The selection of critical accounting policies, the judgments and other uncertainties affecting the application of those policies, as well as the sensitivity of reported results to changes in conditions and assumptions, are all factors to be considered when reviewing our audited financial information. Our significant accounting policies are summarised in Note 3 to the Accountants' report set out in Appendix I to this prospectus. We believe the following critical accounting policies and practices involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

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Revenue recognition

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

(i) *Participation fee income*

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

(ii) *Interest income*

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

(iii) *Additional facilities income*

Additional facilities income is recognised when the services are rendered.

(iv) *Sub-contracting income*

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

(v) *Management fee income*

Management fee income is recognised when the services are rendered.

(vi) *Other ancillary service income*

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

Income taxes

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

Impairment of property, plant and equipment

Our Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. Our Group also performs annual reviews on whether the assumptions made on useful lives continue to be

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valid. Our Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

Estimated impairment of goodwill

Our Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in Note 3 to the Accountant's report set out in Appendix I to this prospectus. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

RESULTS OF OPERATIONS

The table below sets forth the selected information of our Group's combined statements of comprehensive income for the Track Record Period indicated:

	Year ended 30 June					
	2011		2012		2013	
	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>	<i>HK\$'000</i>	<i>% of revenue</i>
Revenue	147,758	100.0	166,795	100.0	220,633	100.0
Other revenue	1,792	1.2	59	0.0	567	0.3
Other income	209	0.1	96	0.1	98	0.0
Advertising and promotion expenses	(9,089)	(6.2)	(11,645)	(7.0)	(10,229)	(4.6)
Agency commission	(2,421)	(1.6)	(2,519)	(1.5)	(6,331)	(2.9)
Exhibition rentals	(1,470)	(1.0)	(3,935)	(2.4)	(2,982)	(1.4)
Staff costs	(19,126)	(12.9)	(21,831)	(13.1)	(34,817)	(15.8)
Booth construction costs	(21,803)	(14.8)	(23,818)	(14.3)	(25,582)	(11.6)
Exhibition expenses	(9,570)	(6.5)	(13,321)	(8.0)	(8,173)	(3.7)
Exhibition co-operation expenses	(35,114)	(23.8)	(37,064)	(22.2)	(58,369)	(26.5)
Other operating expenses	(19,946)	(13.5)	(21,953)	(13.1)	(40,574)	(18.3)
	<hr/>		<hr/>		<hr/>	
Profit before tax	31,220	21.0	30,864	18.5	34,241	15.5
Taxation	(5,294)	(3.6)	(5,976)	(3.6)	(8,339)	(3.8)
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Profit for the year	25,926	17.4	24,888	14.9	25,902	11.7
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Profit/(loss) for the year attributable to:						
Owners of the Company	26,049	17.5	25,056	15.0	26,170	11.8
Non-controlling interests	(123)	(0.1)	(168)	(0.1)	(268)	(0.1)
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	25,926	17.4	24,888	14.9	25,902	11.7
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PRINCIPAL STATEMENTS OF COMPREHENSIVE INCOME COMPONENTS

Revenue

Revenue by service segments

The following table sets out our revenue by service segments and the percentage contribution to our total revenue for the Track Record Period indicated:

	Year ended 30 June					
	2011		2012		2013	
	<i>HK\$'000</i>	<i>% of total</i>	<i>HK\$'000</i>	<i>% of total</i>	<i>HK\$'000</i>	<i>% of total</i>
Organisation of exhibitions	124,939	84.6	140,518	84.3	209,753	95.0
Exhibition-related services	22,683	15.3	26,056	15.6	10,775	4.9
Ancillary services	136	0.1	221	0.1	105	0.1
	<hr/>		<hr/>		<hr/>	
Total	147,758	100.0	166,795	100.0	220,633	100.0
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Organisation of exhibitions

Organisation of exhibitions include the sale of booths directly to exhibitors by us or by sales agents or to exhibition service agents who would resell the booths to exhibitors in exhibitions which we undertake the roles of organiser or project manager. Our revenue from organisation of exhibitions is recognised at the conclusion of the event and the related direct event production costs are deferred and recognised as expenses upon completion of the event.

Exhibition-related services

Exhibition-related services mean the provision of various Exhibition Related Services, including on-site management services, booth management services, agency services as well as sub-management services to organisers or project managers of exhibitions according to their request. In exchange for our Exhibition-related services, we receive service fees and/or performance bonuses which are determined based on commercial negotiation with the organisers or project managers of the exhibitions. Our revenue from the abovementioned services is recognised when they are rendered.

Performance bonus represents bonus received from the organisers or project managers of the exhibitions upon the satisfactory completion of the exhibitions, which shall be determined at the reasonable discretion of the organisers or project managers and calculated based on an agreed percentage of the total contract price.

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The following table sets out the amount of service fees and performance bonuses received by our Group during the Track Record Period:

	Year ended 30 June					
	2011		2012		2013	
	<i>HK\$'000</i>	<i>% of total</i>	<i>HK\$'000</i>	<i>% of total</i>	<i>HK\$'000</i>	<i>% of total</i>
Service fees	22,244	98.1	25,623	98.3	10,775	100.0
Performance bonuses	439	1.9	433	1.7	–	–
Total	22,683	100.0	26,056	100.0	10,775	100.0

Other ancillary services

Other ancillary services mainly comprise income from our provision of travel and accommodation arrangement services to relevant exhibition participants, income from our provision of advertising service for promotion of products and income from our provision of raw space design services to exhibitors.

Revenue by geography

The table below sets forth our revenue by geographical segments, with reference to the locations of our services provided, during the Track Record Period:

	Year ended 30 June					
	2011		2012		2013	
	<i>HK\$'000</i>	<i>% of total</i>	<i>HK\$'000</i>	<i>% of total</i>	<i>HK\$'000</i>	<i>% of total</i>
Hong Kong	147,758	100.0	147,474	88.4	195,165	88.5
Singapore	–	–	14,413	8.6	10,673	4.8
Germany	–	–	4,908	3.0	6,603	3.0
The US	–	–	–	–	8,192	3.7
Total	147,758	100.0	166,795	100.0	220,633	100.0

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Average selling price

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

	Year ended 30 June		
	2011	2012	2013
	HK\$ per sq.m	HK\$ per sq.m	HK\$ per sq.m
Mega Shows (<i>Note</i>)	3,410	3,567	3,403
Hong Kong International Buddhist Fair	968	–	–
Singapore Asia Expo	–	2,642	3,642
Berlin Expo	–	2,527	2,574
Vegas Expo	–	–	2,533

Note: Average selling prices of exhibition space for Mega Shows for the years ended 30 June 2011 and 2012 represent average selling price for Mega Show Part I New Wing as we only acted as project manager for Mega Show Part I New Wing during those periods. Average selling price for the year ended 30 June 2013 represent average selling price of the Mega Shows as we acted as the project manager for the entire exhibition. The average selling prices of exhibition space for Mega Show Part I and Mega Show Part II for the year ended 30 June 2013 were approximately HK\$3,737 per sq.m and HK\$1,612 per sq.m. respectively.

Other revenue and other income

Other revenue and other income mainly comprised one-off government subsidy, exchange gains, interest income, the forfeiture of non-refundable payment and compensation for exhibition loss with other organising partners.

Advertising and promotion expenses

Our advertising and promotion expenses during the Track Record Period comprised mainly the expenses for advertising in media such as newspapers, magazines and the Internet, as well as expenses incurred in promotion billboards, displays, posters, brochures and leaflets.

Agency commission

Agency commission represents the amount paid to sales agents in various territories for services mainly including: (i) to identify and recruit exhibitors in their countries for the exhibitions organised or managed by us; (ii) to provide marketing and promotion in respect of the trade exhibitions; and (iii) to provide other coordination services. We collect proceeds of the sale of booths from exhibitors directly and in return pays the agreed commission to sales agents after the exhibitions.

Agency commission paid to our sales agent is calculated with reference to the total number of booths sold to the exhibitors referred by each sales agent based on a pre-determined percentage to the selling price of each booth agreed in the respective agency agreement.

FINANCIAL INFORMATION

Exhibition rentals

Exhibition rentals represent the amounts we paid to venue providers for use of such venues for our exhibitions.

Staff costs

Staff costs mainly comprise commission to sales staff, wages and salaries paid to all our staff, directors emoluments and retirement benefit scheme contributions.

Booth construction costs

Booth construction costs represent costs of installation, supply and decoration of booths and ancillary facilities performed and provided by our contractors and subcontractors, which are calculated with reference to the size of booths in square metres or the scope of services provided.

Exhibition expenses

Exhibition expenses mainly represent expenses incurred at exhibition sites at the time of exhibition including lounge expenses for visitors and accommodation and transportation expenses for staff and agents, souvenirs and promotion expenses.

Exhibition co-operation expenses

Exhibition co-operation expenses represent the amounts we paid to exhibition organisers or organising partners who engaged us to manage their exhibitions under the terms of a project management agreement or cooperation agreement whereby the appointer is entitled to an agreed percentage of revenue or net income generated from the relevant exhibition. Exhibition co-operation expense is recognised when the associated exhibition revenue and expenses are recognised upon completion of the event.

The table below sets forth a breakdown of our exhibition co-operation expenses for exhibitions managed/organised by our Group during the Track Record Period:

	Year ended 30 June		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mega Show Part I	35,114	34,453	48,274
Mega Show Part II	–	–	4,259
Singapore Asia Expo	–	1,173	5,836
Berlin Expo	–	1,438	–
	<hr/>	<hr/>	<hr/>
Total	35,114	37,064	58,369
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FINANCIAL INFORMATION

Other operating expenses

The table below set forth a breakdown of our other operating expenses during the Track Record Period:

	Year ended 30 June					
	2011		2012		2013	
	HK\$'000	% of total	HK\$'000	% of total	HK\$'000	% of total
Administrative services	9,000	45.1	9,000	41.0	3,196	7.9
Operating lease rentals	4,631	23.2	5,017	22.9	9,902	24.4
Legal and professional fees	2,629	13.2	3,090	14.1	17,684	43.6
Staff welfare	753	3.8	1,152	5.2	1,335	3.3
Others	2,933	14.7	3,694	16.8	8,457	20.8
	<u>19,946</u>	<u>100.0</u>	<u>21,953</u>	<u>100.0</u>	<u>40,574</u>	<u>100.0</u>
Total	<u>19,946</u>	<u>100.0</u>	<u>21,953</u>	<u>100.0</u>	<u>40,574</u>	<u>100.0</u>

Our other operating expenses mainly comprised administrative services charges, operating lease rentals for office, legal and professional fees and staff welfare and other expenses. Others mainly comprised depreciation of fixed assets, impairment loss on goodwill and miscellaneous administrative expenses.

During the Track Record Period, we incurred approximately HK\$12.0 million, HK\$12.0 million and HK\$3.2 million for engaging operations and administrative support services with GIIL Group. For details of the services engaged with GIIL Group, please refer to the section headed “Business – Arrangement with GIIL Group and Pro-Capital Group – Operation and administrative support services” in this prospectus.

Income tax expenses

Income tax expenses primarily consist of provision for current income tax expenses incurred in Hong Kong. During the years ended 30 June 2012 and 2013, the estimated corporate tax liability incurred in Singapore was approximately HK\$17,000. No provision was recognised as the amount was indemnified by the Controlling Shareholders. No provision has been made for income tax expenses incurred in the PRC and the US as our subsidiaries did not have assessable profits in the PRC and the US during the Track Record Period. Our effective tax rates were approximately 16.9%, 19.3% and 24.4% for the years ended 30 June 2011, 2012 and 2013 respectively.

Our Company and subsidiaries are incorporated in different jurisdictions, with different taxation requirements illustrated as follows:

Cayman Islands and the BVI

Pursuant to the applicable laws, rules and regulations of the Cayman Islands and the BVI, our Group is not subject to any profits tax in the Cayman Islands and the BVI.

Hong Kong

All our Hong Kong subsidiaries were subject to Hong Kong profits tax at 16.5% during the Track Record Period.

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PRC

All our PRC subsidiaries were subject to PRC enterprise income tax at 25% during the Track Record Period.

Singapore

Our activities in Singapore were subject to Singapore corporate tax at 17% during the Track Record Period.

Germany

As advised by the Tax Adviser, our activities in Germany were not subject to German corporation tax during the Track Record Period.

The US

Our activities in the US were subject to US federal income tax, depending on the amount of taxable profit, at rates ranged from 15% to 35%, and branch profits tax at 30%.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 30 June 2013 compared with year ended 30 June 2012

Revenue

Our revenue increased by approximately HK\$53.8 million or 32.3% from approximately HK\$166.8 million for the year ended 30 June 2012 to approximately HK\$220.6 million for the year ended 30 June 2013. Such increase was mainly attributable to our expansion into the international market and the organisation of the Vegas Expo in August 2012. The income derived from Vegas Expo was approximately HK\$8.2 million for the year ended 30 June 2013. The increase was also due to the increase in income derived from Mega Shows of approximately HK\$49.0 million in October 2012 for taking up the new role as project manager of Mega Show Part I Old Wing and Mega Show Part II. It was offset by the decrease in participation income of approximately HK\$3.7 million from Singapore Asia Expo held in November 2012 due to the reduction in the scale of exhibition as a result of changing exhibitor mix to refocus on PRC exhibitors.

The decrease in average selling price of exhibition space for the Mega Shows by approximately 4.6% from approximately HK\$3,567 per sq.m for the year ended 30 June 2012 to approximately HK\$3,403 per sq.m for the year ended 30 June 2013 was mainly due to the inclusion of the lower average selling price of Mega Show Part II of approximately HK\$1,612 per sq.m for the year ended 30 June 2013. Without the effect of Mega Show Part II, the average selling price of exhibition space for the Mega Shows increased by approximately 4.8% to approximately HK\$3,737 per sq.m for the year ended 30 June 2013, which reflected the increase in the standard booth prices we charged to exhibitors in Mega Show Part I. The average selling price of exhibition space for Singapore Asia Expo increased by approximately 37.8%

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from approximately HK\$2,642 per sq.m for the year ended 30 June 2012 to approximately HK\$3,642 per sq.m for the year ended 30 June 2013 was primarily due to the higher booth prices sold by our organising partner to the exhibitors. The average selling price of exhibition space for Berlin Asia Expo remained stable at approximately HK\$2,574 per sq.m for the year ended 30 June 2013.

Other revenue and other income

Other revenue and other income increased by approximately 329.0% from approximately HK\$155,000 for the year ended 30 June 2012 to approximately HK\$665,000 for the year ended 30 June 2013, was primarily due to the rebate of approximately HK\$99,000 received from Singapore Tourism Board in July 2012 for organising the Singapore Asia Expo in November 2011 and forfeited non-refundable payment of booth deposit of approximately HK\$382,000 for the year ended 30 June 2013.

Advertising and promotion expenses

Advertising and promotion expenses decreased by approximately 12.1% from approximately HK\$11.6 million for the year ended 30 June 2012 to approximately HK\$10.2 million for the year ended 30 June 2013, as our Group allocated more resources to advertise and promote our new exhibitions, including Singapore Asia Expo in November 2011, Berlin Expo in February 2012 and Vegas Expo in August 2012 during the year ended 30 June 2012, while less promotional activities were conducted for our repeating exhibitions in the year ended 30 June 2013.

Agency commission

Agency commission increased by approximately 152.0% from approximately HK\$2.5 million for the year ended 30 June 2012 to approximately HK\$6.3 million for the year ended 30 June 2013 due to our taking up the new role as project manager in Mega Show Part I Old Wing and Mega Show Part II, resulting in the increase in number of booths managed by our Group and sold by our sales agents in the Mega Shows.

Exhibition rentals

Exhibition rentals decreased by approximately 23.1% from approximately HK\$3.9 million for the year ended 30 June 2012 to approximately HK\$3.0 million for the year ended 30 June 2013 due to the decrease in exhibition rentals expenses in Singapore Asia Expo as a result of decrease in exchange rate of Singapore dollar for the year ended 30 June 2012.

Staff costs

Staff costs increased by approximately 59.6% from approximately HK\$21.8 million for the year ended 30 June 2012 to approximately HK\$34.8 million for the year ended 30 June 2013. Such increase was mainly due to the increase in number of staff as a result for the increase in number of our exhibitions and increase in sales commission paid to sales staff for our promoted role as project manager of the Mega Show Part I Old Wing and Mega Show Part II.

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Booth construction costs

Booth construction costs increased by approximately 7.6% from approximately HK\$23.8 million for the year ended 30 June 2012 to approximately HK\$25.6 million for the year ended 30 June 2013. The increase was mainly due to the booth construction costs we incurred for our first Vegas Expo held in August 2012 of approximately HK\$5.7 million, offset by the decrease in booth construction costs of approximately HK\$1.7 million for Singapore Asia Expo and of approximately HK\$1.7 million for the Mega Shows due to the decrease in net exhibition space.

Exhibition expenses

Exhibition expenses decreased by approximately 38.3% from approximately HK\$13.3 million for the year ended 30 June 2012 to approximately HK\$8.2 million for the year ended 30 June 2013 due to our strategy to refocus the exhibitor mix to PRC exhibitors.

Exhibition co-operation expenses

Exhibition co-operation expenses increased by approximately 57.4% from approximately HK\$37.1 million for the year ended 30 June 2012 to approximately HK\$58.4 million for the year ended 30 June 2013 as we took up the role as project manager of the Mega Show Part I Old Wing and Mega Show Part II held in October 2012 as well as an increase derived from the Singapore Asia Expo held in November 2012 with 福建蒼源國際展覽有限公司 (Fujian Huiyuan International Exhibition Co. Ltd.*), an Independent Third Party, due to the higher booth prices sold by our organising partner, which resulted in their larger share in the net income generated from the exhibition.

Other operating expenses

Other operating expenses increased by approximately 84.5% from approximately HK\$22.0 million for the year ended 30 June 2012 to approximately HK\$40.6 million for the year ended 30 June 2013 due to the increase in office space as a result of the increase in headcount in Hong Kong since August 2012 and the incurring of listing expenses paid to professional parties in preparation for the Listing.

Income tax expenses

Income tax expenses increased by approximately 38.3% from approximately HK\$6.0 million for the year ended 30 June 2012 to approximately HK\$8.3 million for the year ended 30 June 2013. The increase was mainly attributed to the increase in taxable income due to our taking up of the role as project manager of the Mega Show Part I Old Wing and Mega Show Part II. Our effective tax rates were 19.3% and 24.4% respectively due to tax loss not recognised in our subsidiaries for the years ended 30 June 2012 and 2013.

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Profit for the year

Profit for the year increased by approximately 4.0% from approximately HK\$24.9 million for the year ended 30 June 2012 to approximately HK\$25.9 million for the year ended 30 June 2013. The increases in profit were primarily due to the significant growth in revenue. Net profit margin decreased from 14.9% in the year ended 30 June 2012 to 11.7% in the year ended 30 June 2013 mainly due to the increase in exhibition cooperation expenses, staff costs and the incurring of listing expenses.

Year ended 30 June 2012 compared with year ended 30 June 2011

Revenue

Our revenue increased by approximately HK\$19.0 million or 12.9% from approximately HK\$147.8 million for the year ended 30 June 2011 to approximately HK\$166.8 million for the year ended 30 June 2012. Such increase was mainly attributable to our expansion into the international market and organisation of the Singapore Asia Expo in November 2011 and the management of the Berlin Expo in February 2012. The incomes derived from Singapore Asia Expo and Berlin Expo were HK\$14.4 million and HK\$4.9 million, respectively for the year ended 30 June 2012. The increase was also due to the increase in management fee income from Mega Show Part I Old Wing and Mega Show Part II in October 2011 for the provision of sub-management services in these two exhibitions.

The average selling price of exhibition space of the Mega Shows increased by approximately 4.6% from approximately HK\$3,410 per sq.m for the year ended 30 June 2011 to approximately HK\$3,567 per sq.m for the year ended 30 June 2012, which reflected the increase in the standard booth prices we charged to exhibitors in Mega Show Part I.

Other revenue and other income

Other revenue and other income decreased by approximately 90.0% from approximately HK\$2.0 million for the year ended 30 June 2011 to approximately HK\$0.2 million for the year ended 30 June 2012, was primarily due to a one-off government subsidy received in August 2010 in respect of Ningbo Consumer Expo in March 2010 and no such government subsidy had been received during the year ended 30 June 2012 and forfeited non-refundable payment of booth deposits decreased from approximately HK\$382,000 for the year ended 30 June 2011 to approximately HK\$44,000 for the year ended 30 June 2012.

Advertising and promotion expenses

Advertising and promotion expenses increased by approximately 27.5% from approximately HK\$9.1 million for the year ended 30 June 2011 to approximately HK\$11.6 million for the year ended 30 June 2012 as our Group allocated more resources to advertise and promote our new exhibitions, including Singapore Asia Expo in November 2011, Berlin Expo in February 2012 and Vegas Expo in August 2012 during the year ended 30 June 2012.

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Agency commission

Agency commission remained comparable from approximately HK\$2.4 million for the year ended 30 June 2011 to approximately HK\$2.5 million for the year ended 30 June 2012, which is in-line with the stable contribution of revenue from sale of booths to exhibitors procured by our sales agents.

Exhibition rentals

Exhibition rentals increased by approximately 160.0% from approximately HK\$1.5 million for the year ended 30 June 2011 to approximately HK\$3.9 million for the year ended 30 June 2012. We entered into venue licence agreement with a rental of approximately HK\$1.7 million for Singapore Asia Expo held in November 2011, and the forfeitures of exhibition rental of approximately HK\$2.3 million for London Asia Expo which was originally scheduled to be held in January 2012 but subsequently cancelled in view of economic downturn in Europe. It was offset by the decrease of approximately HK\$1.5 million for the exhibition rental for Hong Kong International Buddhist Fair in May 2011 which was organised during the year ended 30 June 2011 only.

Staff costs

Staff costs increased by approximately 14.1% from approximately HK\$19.1 million for the year ended 30 June 2011 to approximately HK\$21.8 million for the year ended 30 June 2012. Such increase was mainly due to the increase in staff cost for our publication of new trade magazines and organisation of new exhibitions and the increase in the number of staff, particularly in our Shenzhen office due to expansion of our services to PRC exhibitors.

Booth construction costs

Booth construction costs increased by approximately 9.2% from approximately HK\$21.8 million for the year ended 30 June 2011 to approximately HK\$23.8 million for the year ended 30 June 2012. The increase was mainly due to the booth construction costs we incurred for our first Singapore Asia Expo of approximately HK\$2.6 million held in November 2011 and Berlin Expo of approximately HK\$1.4 million February 2012 and offset by the decrease in booth construction costs of approximately HK\$1.1 million we incurred in the Hong Kong International Buddhist Fair in May 2011, respectively.

Exhibition expenses

Exhibition expenses increased by approximately 38.5% from approximately HK\$9.6 million for the year ended 30 June 2011 to approximately HK\$13.3 million for the year ended 30 June 2012. Such increase was mainly due to expenses of approximately HK\$4.6 million arising from our first Singapore Asia Expo in November 2011 offset by the decrease in exhibition expenses of approximately HK\$1.0 million we incurred in the Hong Kong International Buddhist Fair in May 2011.

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Exhibition co-operation expenses

Exhibition co-operation expenses increased by approximately 5.7% from approximately HK\$35.1 million for the year ended 30 June 2011 to approximately HK\$37.1 million for the year ended 30 June 2012. Such increase was mainly attributable to the exhibition co-operation expenses paid for our Berlin Expo and Singapore Asia Expo firstly held during the year ended 30 June 2012 to GILL and 福建蒼源國際展覽有限公司 (Fujian Huiyuan International Exhibition Co. Ltd.*) respectively.

Other operating expenses

Other operating expenses increased by approximately 10.6% from approximately HK\$19.9 million for the year ended 30 June 2011 to approximately HK\$22.0 million for the year ended 30 June 2012. Such increase was due to (i) the increase in legal and professional fees of HK\$0.5 million in relation to tax advisory and audit on visitors' attendance, exhibition area and exhibitors' participation in our exhibitions; (ii) the increase in operating lease rentals of HK\$0.4 million for offices in the PRC; and (iii) the increase in staff welfare of HK\$0.4 million in line with expansion of our Group's business.

Income tax expenses

Income tax expenses increased by approximately 13.2% from approximately HK\$5.3 million for the year ended 30 June 2011 to approximately HK\$6.0 million for the year ended 30 June 2012. The increase was mainly attributed to increase in taxable income in Mega Expo (HK) partially offset by the decrease in taxable income in Mega Expo Operations. Our effective tax rates were 16.9% for the year ended 30 June 2011 and 19.3% for the year ended 30 June 2012. The increase in effective tax rate was mainly due to tax loss not recognised in our subsidiaries including i-MegAsia, Mega Expo (Berlin) and Mega Expo (USA) as a result of our commencement of publication of fair catalogue, the operation of Berlin Expo and the preparation of Vegas Expo, respectively during the year ended 30 June 2012.

Profit for the year

Profit for the year decreased by approximately 3.9% from approximately HK\$25.9 million for the year ended 30 June 2011 to approximately HK\$24.9 million for the year ended 30 June 2012. Net profit margin also decreased from approximately 17.4% for the year ended 30 June 2011 to approximately 14.9% for year ended 30 June 2012. The decreases in profit and net profit margin were primarily due to the higher percentage increase in our expenses in aggregate than that in our revenue. The reasons on the increase in various expenses were mentioned above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

We historically have financed our liquidity and capital requirements primarily through cash flows from our operations. Going forward, we intend to finance our future operations and capital expenditures with cash flows from our operations. Our principal uses of cash have been, and are expected to continue to be, operating costs and capital expenditures.

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Cash Flow

The following table sets forth a summary of our Group's net cash flow for the Track Record Period indicated:

	Year ended 30 June		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	24,014	5,080	45,720
Net cash used in investing activities	(2,364)	(194)	(1,697)
Net cash used in financing activities	(23,400)	(7,750)	–
	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(1,750)	(2,864)	44,023
Cash and cash equivalents at beginning of the year	34,343	32,690	29,858
Effect of foreign currency exchange rate changes	97	32	(46)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalent at the end of the year	<u>32,690</u>	<u>29,858</u>	<u>73,835</u>

Net cash generated from operating activities

For the year ended 30 June 2011, our Group experienced a net cash generated from operating activities of approximately HK\$24.0 million. The net cash generated was mainly attributable to operating profit before movement in working capital of approximately HK\$31.6 million and an increase in other payables and accruals of approximately HK\$7.1 million. The net cash generated was partly offset by an increase in amounts due from directors of approximately HK\$5.1 million, an increase in prepayments, deposits and other receivables of approximately HK\$7.9 million and a decrease in receipt in advance of approximately HK\$1.7 million.

For the year ended 30 June 2012, our Group experienced a net cash generated from operating activities of approximately HK\$5.1 million. The net cash generated was mainly attributable to operating profit before movement in working capital of approximately HK\$31.4 million and an increase in receipt in advance of approximately HK\$39.6 million. The net cash generated was partly offset by an increase in prepayments, deposits and other receivables of approximately HK\$18.1 million, an increase in amounts due from directors of approximately HK\$29.9 million, decrease in accruals and other payables of approximately HK\$11.2 million and income tax of approximately HK\$6.7 million paid.

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For the year ended 30 June 2013, our Group experienced a net cash generated from operating activities of approximately HK\$45.7 million. The net cash generated was mainly attributable to operating profit before movement in working capital of approximately HK\$35.5 million and a decrease in prepayments, deposits and other receivables of approximately HK\$26.1 million and a decrease in amounts due from directors of approximately HK\$3.0 million. The net cash generated was partly offset by a decrease in receipt in advance of approximately HK\$13.2 million and income tax of approximately HK\$7.8 million paid.

Net cash used in investing activities

For the year ended 30 June 2011, our Group experienced net cash used of approximately HK\$2.4 million. The net cash used was mainly attributable to the purchase of property, plant and equipment of approximately HK\$1.8 million and the acquisition of a subsidiary of approximately HK\$0.6 million.

For the year ended 30 June 2012, our Group experienced net cash used of approximately HK\$0.2 million. The net cash used was mainly attributable to the purchase of property, plant and equipment of approximately HK\$0.2 million.

For the year ended 30 June 2013, our Group experienced net cash used of approximately HK\$1.7 million. The net cash used was mainly attributable to the purchase of property, plant and equipment of approximately HK\$1.7 million.

Net cash used in financing activities

For the three years ended 30 June 2013, our net cash used in financing activities of approximately HK\$23.4 million, HK\$7.8 million and nil primarily reflected the dividend paid.

FINANCIAL INFORMATION

NET CURRENT ASSETS

Details of our Group's assets and current liabilities as at 30 June 2011, 2012 and 2013 and 31 August 2013 (being the latest practicable date for the purpose of indebtedness statement) are as follows:

	2011	As at 30 June 2012	2013	As at 31 August 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Unaudited) HK\$'000</i>
Current assets				
Prepayments, deposits and other receivables	42,278	60,384	34,298	49,252
Amount due from ultimate holding company	–	12	13	13
Amounts due from directors	46,248	56,893	21,824	21,824
Cash and cash equivalents	32,690	29,858	73,835	67,845
	121,216	147,147	129,970	138,934
Current liabilities				
Receipt in advance	97,250	136,817	123,590	147,725
Accruals and other payables	12,975	1,773	3,908	1,422
Income tax payable	8,640	7,909	8,447	8,447
	118,865	146,499	135,945	157,594
Net current assets/(liabilities)	2,351	648	(5,975)	(18,660)

We had net current assets of approximately HK\$2.4 million, HK\$0.6 million as at 30 June 2011 and 2012, respectively. The decrease in our net current asset as at 30 June 2011 and 2012 was primarily attributable to the contribution of profit attributable to owners of our Group offset by the distribution of dividends of approximately HK\$36.0 million and HK\$27.0 million during the years ended 30 June 2011 and 2012, respectively.

As at 30 June 2013, we recorded a net current liability of approximately HK\$6.0 million primarily attributable to the dividend payment and the increase in legal and professional fees incurred for the year ended 30 June 2013 in preparation for the Listing.

Our unaudited net current liabilities as at 31 August 2013 amounted to approximately HK\$18.7 million as we continued to incur relevant advertising, operational and administrative expenses for organising upcoming trade exhibitions, while the receipt in advance from our customers would only be recognised as our Group's revenue upon completion of the relevant exhibitions.

FINANCIAL INFORMATION

ANALYSIS OF CERTAIN STATEMENTS OF FINANCIAL POSITION ITEMS

Prepayments, deposits and other receivables

	As at 30 June		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	39,766	54,776	29,735
Deposits	352	347	3,028
Other receivables	2,160	5,261	1,535
	42,278	60,384	34,298
	42,278	60,384	34,298

Prepayments

The following table sets forth a breakdown of our Group's prepayments as at 30 June 2011, 2012 and 2013:

	As at 30 June		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Advertising and promotion expenses	1,355	1,670	1,336
Exhibition rentals	638	262	10,678
Staff costs	2,833	6,466	5,718
Booth construction costs	2,626	3,280	26
Exhibition expenses	2,029	1,724	317
Exhibition co-operation expenses	28,346	37,610	–
Other operating expenses	1,939	3,764	11,660
	39,766	54,776	29,735
	39,766	54,776	29,735

As at 30 June 2011, prepayments mainly represented prepaid exhibition co-operation expenses of approximately HK\$28.3 million to the GIIL for Mega Show Part I New Wing, prepaid staff commission of approximately HK\$2.8 million and prepaid booth constructing fee of approximately HK\$2.6 million for Mega Show Part I.

As at 30 June 2012, prepayments mainly represented prepaid exhibition co-operation expenses of approximately HK\$37.6 million to the GIIL for Mega Shows and prepaid staff commission of approximately HK\$6.5 million.

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As at 30 June 2013, prepayments mainly represented prepaid staff commission of approximately HK\$5.7 million, prepaid exhibition rentals representing deposits and instalments of rentals paid to venue providers of approximately HK\$10.7 million and prepaid listing expenses of approximately HK\$10.6 million paid to professional parties in preparation for the Listing.

Deposits

As at 30 June 2011, 2012 and 2013, deposits was approximately HK\$352,000, HK\$347,000 and HK\$3,028,000, respectively, mainly represented rental deposit of offices and staff quarters.

As at 30 June 2013, deposits include rental deposits of approximately HK\$2.3 million for the lease of our office in Hong Kong.

Other receivables

As at 30 June 2011, 2012 and 2013, other receivables mainly represented gratuity of approximately HK\$1.7 million, HK\$1.6 million and HK\$0.8 million advanced to staff, respectively and was further detailed in Note 16 to the Accountants' report set out in Appendix I to this prospectus. The staff was entitled an interest-free loan equivalent to the amount of the gratuity in advance provided that they do not terminate by their own resignation for 24 consecutive calendar months from 21 December 2009 to 20 December 2011 (the "**Qualifying Period**"). The loan shall become immediately due and repayable to us upon the termination of employment by staff and shall carry interest at the rate of 2% per calendar month from the date of termination of employment until the date of full repayment of the loan and interest. Such loan shall be applied towards payment of the gratuity to the staff upon expiration of the Qualifying Period. On 10 December 2011, we had extended the Qualifying Period of the gratuity payment to 20 December 2013 with the same terms applied.

Amounts due from Directors

The following table set forth the amounts due from Directors during the Track Record Period:

Name of Directors	As at 30 June		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Mr. Lee	45,868	55,902	21,824
Mr. Si Tze Fung	380	991	—
	<u>46,248</u>	<u>56,893</u>	<u>21,824</u>

It is confirmed by Mr. Lee that the amounts due from him were used for his own private investments. The amount due from Mr. Si Tze Fung represented the gratuity advanced to staff, details of which are set out in the paragraph headed "Prepayments, deposits and other receivables – Other receivables" in this section above, as well as the prepayment for arranging various potential developments and promotion seminars.

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Save as the aforesaid gratuity advanced to Mr. Si Tze Fung, the amounts due from Directors are non-trade in nature, unsecured, interest free and recoverable on demand. Our Directors consider that the carrying amounts of the balances approximate to their fair values. Our Directors have confirmed that, the amounts due from Directors had been fully settled as at 30 September 2013.

Receipt in advance

Receipt in advance mainly represented non-refundable participation fee for booth reservation from exhibitors or exhibition service agents. The following table sets forth receipt in advance for the respective exhibitions during the Track Record Period:

	As at 30 June		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mega Shows	96,052	133,075	122,484
Vegas Expo	–	2,996	595
Singapore Asia Expo	638	510	54
Berlin Expo	–	11	26
Others	560	225	431
	<u>97,250</u>	<u>136,817</u>	<u>123,590</u>

Such receipt in advance would be subsequently recognised as our revenue upon completion of the respective exhibitions.

The rules and regulations as set out in the application forms of our Group stipulate that the participation fee paid by the applicants shall be non-refundable. When our Group has cancelled or materially reduced or shortened the period of exhibition, our Group may in its sole and absolute discretion refund without interest any part of the participation fee already paid by the exhibitors and the exhibition service agents, less the related administrative expenses, marketing, promotional and advertising expenses incurred by our Group.

Our receipt in advance increased from approximately HK\$97.3 million as at 30 June 2011 to approximately HK\$136.8 million as at 30 June 2012. The increase was mainly attributable to the increase in participation fee received for booth reservation for Mega Shows held in October 2012 due to our taking up of the role as project manager of the Mega Show Part I Old Wing and Mega Show Part II, and the participation fee received for booth reservation for Vegas Expo, which was first organised by our Group in August 2012.

Our receipt in advance decreased from approximately HK\$136.8 million as at 30 June 2012 to approximately HK\$123.6 million as at 30 June 2013 due to the decrease in participation fee received for booth reservation for Mega Shows to be held in October 2013, Vegas Expo originally planned to be held in August 2013 and Singapore Asia Expo to be held in November 2013 as a result of decrease in number of exhibitors in the exhibitions. The Directors were of the view that the decrease in number of exhibitors was largely due to the exhibitors' expectation of weak export demand in the overseas market as a result of the current weak European market. The receipt in advance amounted to approximately HK\$122.5 million, mainly represented the non-refundable participation fee for booth reservation in the Mega Shows to be held in October 2013, will be recognised as our revenue upon completion of the Mega Shows.

FINANCIAL INFORMATION

Accruals and other payables

	As at 30 June		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables	12,765	986	445
Accruals	210	787	3,463
	12,975	1,773	3,908
	12,975	1,773	3,908

Other payables

As at 30 June 2011, our Group recorded a payable amounted to HK\$10.9 million to Pro-Capital Group in respect of receipt of participation fee for Mega Show Part I Old Wing and Mega Show Part II. Our Group was designated to receive all participation fees for the Mega Shows in 2010. As for participation fee received in respect of Mega Show Part I Old Wing and Mega Show Part II of which Pro-Capital Group was the project manager, our Group would record such receipt as payable to Pro-Capital Group, while for participation fee received for Mega Show Part I New Wing, our Group will record such receipt as receipt in advance. Included in other payable was also payable to GIIL Group in respect of operation and administrative expense payable of approximately HK\$1.8 million. As at 31 March 2012, all the aforementioned payable to Pro-Capital Group was settled.

As at 30 June 2012, other payables mainly represented operation and administrative expense payable to GIIL Group of approximately HK\$875,000. As our Group was appointed as project manager for Mega Shows held in October 2012, all receipt of participation fee from the Mega Shows in 2012 will be recorded as receipt in advance, and no payable was recorded to Pro-Capital Group as at 30 June 2012.

As at 30 June 2013, other payables mainly represented exhibition co-operation expenses of approximately HK\$38,000 payable to 福建蒼源國際展覽有限公司 (Fujian Huiyuan International Exhibition Co. Ltd.*), an Independent Third Party, with whom we organised Singapore Asia Expo in November 2012. The amount was subsequently settled as at the Latest Practicable Date.

Accruals

During the Track Record Period, accruals mainly represented accrued audit fees of approximately HK\$210,000, HK\$503,000 and HK\$1,033,000 respectively. In addition to accrued audit fee, as at 30 June 2012, accruals of our Group included accrued tax service fees of approximately HK\$244,000 and as at 30 June 2013, accruals of our Group included accrued salary and commission of approximately HK\$2.1 million which was subsequently settled in July 2013.

FINANCIAL INFORMATION

Trade payables

Contract sums paid to our major suppliers are generally due and payable by instalments based on the terms of the contracts. During the Track Record Period, we were not granted specific credit terms beyond the payment terms under the relevant contracts with our major suppliers. Our Group had no trade payables balance as at 30 June 2011, 2012 and 2013 as payment to our suppliers were made promptly and as soon as practicable.

Goodwill

Goodwill of approximately HK\$322,000 was a result of our acquisition of 70% equity interest of Ningbo Tianyi that principally engaged in organisation of exhibitions on 16 November 2010. An impairment loss on goodwill of approximately HK\$322,000 was recognised during the year ended 30 June 2013 due to the deregistration of Ningbo Tianyi. Please refer to the section headed “History and development – Our corporate history – Ningbo Tianyi” for details. Further information with respect to the goodwill are set forth in Notes 14 and 23 to the Accountants’ report in Appendix I to this prospectus.

Property, plant and equipment

Property, plant and equipment represented leasehold improvements and office equipment. As at 30 June 2011, our property, plant and equipment of approximately HK\$1.5 million mainly represented leasehold improvements of approximately HK\$0.8 million of the office renovation in Shenzhen. Our property, plant and equipment decreased by approximately HK\$0.4 million or approximately 26.7% to approximately HK\$1.1 million as of 30 June 2012. The decrease was mainly attributable to the depreciation charge of HK\$0.6 million partially offset by the additions of computer equipment of approximately HK\$0.2 million for our Shenzhen office. Our property, plant and equipment then increased by approximately HK\$0.8 million or approximately 72.7% to approximately HK\$1.9 million as of 30 June 2013. The increase was mainly attributable to addition of computer equipment and furniture, fixtures and equipment of approximately HK\$1.2 million and HK\$0.5 million, respectively for our Hong Kong office due to the termination of operation and administrative support service arrangements with GIIL Group in August 2012.

INDEBTEDNESS

We have financed our operations primarily through cash flows from our operations. We did not had any bank borrowing during the Track Record Period and up to the close of business on 31 August 2013, being the latest practicable date for the purpose of the indebtedness statement. Our Group did not have any outstanding bank borrowings, bank overdrafts, mortgages, charges, debentures, loan capital, debt securities or other similar indebtedness, finance leases or hire purchase commitments, acceptance liabilities (other than normal trade bills) or acceptance credits, any guarantees or other material contingent liabilities as at 31 August 2013. The Directors confirm that there has been no material change in our Group’s indebtedness and contingent liabilities since 31 August 2013, being the latest practicable date for the purpose of the indebtedness statement up to the date of this prospectus.

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

Historical Capital Expenditures

We have historically funded our capital expenditures with cash generated from our operations. The following table sets forth our capital expenditures for the Track Record Period indicated:

	2011	As at 30 June	2013
	<i>HK\$'000</i>	<i>2012</i>	<i>2013</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Leasehold improvement	1,060	24	–
Computer equipment	207	133	1,162
Furniture, fixtures and equipment	530	50	543
	<u>1,797</u>	<u>207</u>	<u>1,705</u>

OTHER KEY FINANCIAL RATIOS

The table below sets forth our Group's current ratios, return on equity and return on total assets as of the dates indicated.

	2011	As at 30 June	2013
		2012	
Financial Ratios			
Current ratio ⁽¹⁾	1.0	1.0	1.0
Return on equity ⁽²⁾	710.2%	1,431.8%	N/A
Return on total assets ⁽³⁾	21.2%	16.9%	19.8%

Notes:

- (1) Current ratio equals current assets divided by current liabilities as at the end of the period.
- (2) Return on equity equals profit attributable to owners of the Company divided by equity attributable to owners of the Company at the end of the period.
- (3) Return on total assets equals profit attributable to owners of the Company divided by total assets as at the end of the period.

Current ratio

Our current ratio remained stable at approximately 1.0 through 30 June 2011 to 30 June 2013 as the Group has no material capital expenditure throughout the Track Record Period.

FINANCIAL INFORMATION

Return on equity ratio

Our return on equity ratio was approximately 710.2% as of 30 June 2011. Our return on equity ratio further increased to approximately 1,431.8% as of 30 June 2012 primarily as a result of the distribution of dividend of approximately HK\$27.0 million, and thus a further reduction in our Group's equity attributable to owners of the Company during the year ended 30 June 2012. No return on equity ratio was available as of 30 June 2013 because our Group was under negative equity position as at 30 June 2013 mainly due to the payment of dividends and legal and professional fee incurred for the year ended 30 June 2013 in preparation for the Listing. Please refer to the subsection headed "Dividend and dividend policy" in this section for details of the payment of the dividends.

Return on total assets ratio

Our return on total assets ratio decreased from approximately 21.2% as of 30 June 2011 to approximately 16.9% as of 30 June 2012 mainly due to the decrease in net profit attributable to owners of the Company and increase in total asset resulted from the increase in prepayments, deposits and other receivables by approximately HK\$18.0 million during the year ended 30 June 2012. Our return on total assets ratio increased to approximately 19.8% as of 30 June 2013 mainly due to the recognition of our revenue derived from the Mega Shows in October 2012 and the decrease in prepayments, deposits and other receivables and amounts due from directors of approximately HK\$26.1 million and HK\$35.1 million, respectively when compared to the year ended 30 June 2012.

WORKING CAPITAL

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through payment of dividends and new shares issues. We seek to effectively manage our cash flow and capital commitments. We centrally manage our capital to ensure proper and efficient collection and deployment of our funds. All application and disbursement of funds require the approval of the appropriate executive Directors.

Taking into account the financial resources available to our Group, including internally generated funds and the estimated net proceeds from the Share Offer, our Directors confirm that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

CONTINGENT LIABILITIES

As at 30 June 2013, our Group had no material contingent liabilities.

FINANCIAL INFORMATION

COMMITMENTS

Operating lease commitments

As at 30 June 2011, 2012 and 2013, our Group had outstanding commitments payable under non-cancellable operating leases in respect of properties rented with lease terms of between one to two years which fall due as follows:

	As at 30 June		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Within one year	3,406	9,491	21,430
After one year but within five years	383	14,916	2,653
Total	3,789	24,407	24,083

OFF-BALANCE SHEET ARRANGEMENTS

As at 30 June 2013, we did not have any off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISK

We are exposed to various types of market risks, including foreign currency risks, interest rate risk, credit risk and liquidity risk, in the ordinary course of our business.

Foreign currency risk

Our Group operates in Hong Kong, the PRC, Germany, Singapore and the US and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars, Renminbi and Hong Kong dollars. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities. Our 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 our Group.

Interest rate risk

Our Group has no interest-bearing assets and liabilities, and is therefore not exposed to significant interest rate risk. Our Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The management considered our Group's exposure to cash flow interest rate risk is not material. Hence, no sensitivity analysis is presented. Our Group does not have significant exposure to fair value interest rate risk.

FINANCIAL INFORMATION

Credit risk

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

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

Our Group's credit risk is primarily attributable to amounts due from directors. Our Group has no other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis. The credit risk on liquid funds is limited because the counterparties are banks which are reputable in the opinion of management.

DIVIDEND AND DIVIDEND POLICY

Our Board has absolute discretion in whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. The payment and the amount of any dividends declared will be subject to the Articles and the Companies Law, and also depend upon the amount of distributions, if any, received by us from our operating subsidiaries. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

During each of the years ended 30 June 2011, 2012 and 2013, we declared dividends of approximately HK\$36.0 million, HK\$27.0 million and 32.0 million, respectively. Such dividends were declared and paid out of distributable profits of our subsidiaries in accordance with the rules on dividends declaration of the jurisdiction in which the relevant subsidiaries were incorporated, taking into consideration various factors including the accumulated distributable earnings, cash flow requirements and financial conditions of the subsidiaries, and does not solely depend on the equity position of our Group. As advised by Conyers Dill & Pearman, our legal advisers as to BVI law, since the directors of Expand Trade and Mega Expo Operations were satisfied that immediately after the respective payment of dividend, (i) the value of the assets of the two companies would exceed their liabilities and (ii) the companies would be able to pay their debts as they would fall due, the declaration and payment of the relevant dividends by these two companies during the financial year ended 30 June 2013 was valid under the relevant laws and regulations in the BVI regarding dividend payment. As advised by our Hong Kong Legal Counsel, the declaration and payment of dividends by Mega Expo (HK) during the financial year ended 30 June 2013 complied with the relevant laws and regulations in Hong Kong regarding dividend payment, as it was made out of its profits available for the purpose, which included its accumulated, realised profits less its accumulated, realised losses. All dividends payable for each year/period during the Track Record Period had been settled as at the Latest Practicable Date.

We currently intend to pay dividends of approximately 50% of our profits available for distribution beginning from the year ending 30 June 2014. Going forward, we will re-evaluate our dividend policy. The determination to pay dividends will be made at the discretion of our Board and will be based upon our earnings, cash flow requirements, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in Note 24 to the Accountants' report set out in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or that such terms that were no less favourable to us than terms available from Independent Third Parties which are fair and reasonable and in the interest of the Shareholders as a whole.

LISTING EXPENSES

The total amount of listing expenses is estimated to be approximately HK\$29.5 million, of which approximately HK\$8.9 million is expected to be capitalised after the Listing. The remaining HK\$20.6 million was or is expected to be charged to our combined statements of comprehensive income, of which approximately HK\$10.2 million is expected to be charged to our consolidated statements of comprehensive income after the Listing.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this prospectus, our Group's subsequent events included the followings:

- (a) The companies now comprising our Group underwent and completed the Reorganisation on 3 October 2013 in preparation for the Listing. Further details of the Reorganisation are set out in the section headed "Reorganisation" in this prospectus. As a result of the Reorganisation, our Company became the holding company of the subsidiaries now comprising our Group.
- (b) Upon Listing, listing expenses of approximately HK\$10.2 million and HK\$8.9 million would be charged to the consolidated statements of comprehensive income and capitalised in share premium of our Group respectively for the year ending 30 June 2014.
- (c) The authorised share capital of our Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of a further 990,000,000 new Shares that was approved by ordinary resolutions passed by the sole Shareholder on 18 October 2013.
- (d) Our Company has adopted the Share Option Scheme which was approved by written resolutions passed by the Sole Shareholder on 18 October 2013.
- (e) Our independent non-executive directors were all appointed on 18 October 2013.
- (f) Regarding the Vegas Expo originally scheduled to be held in August 2013, our Group decided to postpone the Vegas Expo 2013 to 2014. Subsequent to 30 June 2013, our Group intend to refund the full amount of the participation fee received in advance of approximately HK\$0.6 million.
- (g) Our Directors were authorised to capitalise HK\$1.4 million by applying that sum in paying up in full at par 140,000,000 Shares for allotment.

RECENT DEVELOPMENT AND FINANCIAL PERFORMANCE

As at the Latest Practicable Date, our Group continued with the preparation work for the upcoming Mega Shows 2013 to be held in October 2013 and the Singapore Asia Expo 2013 to be held in November

FINANCIAL INFORMATION

2013. Receipt in advance for the Mega Shows 2013 also increased steadily to approximately HK\$146.0 million as at 31 August 2013. Instalment payments of respective venues have also been paid according to the payment schedule. For the Berlin Expo 2014 and the Mega Shows 2014, our Group has also entered into the licence agreement with the venue provider of the respective trade exhibitions.

Regarding the Vegas Expo originally scheduled to be held in August 2013, due to the Boston Marathon explosion which occurred on 15 April 2013, a number of enrolled exhibitors had expressed concerns about travelling to the US and enquired about the possibility of withdrawal of application and refund. Our PRC exhibitors had also expressed concerns that the recent incident occurred in May 2013 in Guangzhou, PRC, of which inexplicable powder were found in the US Consulate General in Guangzhou may affect the progress of their visa applications for entry into the US for the participation of the Vegas Expo in August 2013. In this regard, our Group decided to postpone the Vegas Expo 2013 to 2014. As at the Latest Practicable Date, our Group was in the course of negotiating with the venue provider on carrying forward the prepaid venue deposits of approximately HK\$0.3 million to the following next edition of the Vegas Expo. The rules and regulations set out in the application forms of Vegas Expo for 2013 stipulated that the participation fee paid by the applicants shall be non-refundable. However, due to our Group's intention to maintain a long term relationship with our exhibitors and exhibition service agents, we intend to offer to refund the full amount of the participation fee in the sum of approximately HK\$0.6 million. Our Group confirmed that such refund will not significantly impact our liquidity position.

In respect of the financial performance, as no trade exhibitions participated by our Group (saved as Vegas Expo 2013 which was postponed due to the abovementioned factors) will be held between March to September 2013, as such save as disclosed above and the incurring of advertising, operational and administrative expenses, our Group did not have other major development up to the Latest Practicable Date. Due to the above mentioned reasons, our Directors anticipated that there will be a possibility that the participation of the upcoming exhibitions will also be impacted. As no exhibition was held subsequent to February 2013 up to the Latest Practicable Date and our Group continued to incur relevant advertising, operational and administrative expenses along the way to organise the upcoming trade exhibitions, our Group recorded a net current liabilities and net liabilities as at 31 August 2013. Our Directors are of the view that since, at the same date, our Group recorded a receipt in advance as non-refundable deposit for booth reservation of the trade exhibitions to be organised by our Group in the coming months of approximately HK\$147.7 million, immediately upon completion of the relevant trade exhibition, the receipt in advance from customers will be recognised as our Group's revenue and as a result our Group's net liability position will be restored to net asset position.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 21 August 2012 and has not carried out any business since the date of its incorporation save for investment holdings and the transactions related to the Reorganisation. Accordingly, save for the other reserve of approximately HK\$1,000 arising from the Reorganisation, our Company has no reserve available for distribution to the Shareholders as at 30 June 2013.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of the unaudited pro forma adjusted net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment

FINANCIAL INFORMATION

Circulars” for the purpose of illustrating the effect of the Share Offer as if it had been taken place on 30 June 2013 and based on the audited combined net tangible liabilities attributable to owners of the Company as at 30 June 2013 as shown in the Accountants’ report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

The unaudited pro forma adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group after the completion of the Share Offer.

	Audited combined net tangible liabilities attributable to owners of our Company as at 30 June 2013	Pro forma adjustment to the Share Offer	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>
Based on an Offer Price of HK\$1.23 per Share	<u>(4,089)</u>	<u>31,323</u>	<u>27,234</u>	<u>0.14</u>
Based on an Offer Price of HK\$1.33 per Share	<u>(4,089)</u>	<u>36,148</u>	<u>32,059</u>	<u>0.16</u>

Notes:

- (1) The audited combined net tangible liabilities attributable to owners of our Company as at 30 June 2013 is based on the combined net liabilities attributable to owners of our Company of approximately HK\$4,089,000 as at 30 June 2013 extracted from the Accountants’ report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from Share Offer are based on the Offer Shares and the Offer Price of HK\$1.23 or HK\$1.33 per Share, being the low or high end of the stated Offer Price range, after deduction of the underwriting fee and related expenses payable by our Company and taking no account of any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 200,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue without taking into account any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Prospectus, there has been no material adverse change in our financial or trading position since 30 June 2013, being the date to which the latest audited combined financial statements of our Group were made up.

FUTURE PLANS AND USE OF PROCEEDS FROM THE SHARE OFFER

FUTURE PLANS AND PROSPECTS

Please refer to the section headed “Business – Business strategies” in this prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

Based on the Offer Price of HK\$1.28 per Share (being the mid-point of the estimated price range), our Directors estimate that the net proceeds to us from the Share Offer (excluding net proceeds from the sale of the Sale Shares) will be about HK\$33.7 million, after deducting the underwriting commissions and other estimated expenses payable by us in relation to the Share Offer. The estimated net proceeds of approximately HK\$10.9 million from the sale of the Sale Shares, after deducting the underwriting commissions and other estimated expenses payable by the Selling Shareholder in relation to the Share Offer, will be received by the Selling Shareholder and therefore will also not be available to our Group. Our Directors presently intend to use the net proceeds from the Share Offer as follows:

- a) approximately 60% or HK\$20.2 million, will be applied to organise or develop new exhibitions or for consideration of potential acquisition opportunities or for cooperation with other players in the exhibition industry in Hong Kong or overseas (including but not limited to Poland, Macau, UK and the PRC);
- b) approximately 30% or HK\$10.1 million, will be applied to expand existing exhibitions organised by our Group including the Mega Shows, Berlin Expo, Vegas Expo and Singapore Asia Expo, by increasing our marketing, including but not limited to launching advertising campaign and expanding our market contacts on visitors and exhibitors; and
- c) the remaining net proceeds from the Share Offer, or approximately 10% or HK\$3.4 million, will be applied as general working capital and other general corporate purposes of our Group.

As at the Latest Practicable Date, our Group had not identified any potential acquisition target. When considering a possible acquisition target, our Group will consider, among other things, (i) location, scale, theme and timing of the trade exhibition(s) currently organised or managed by the potential acquisition opportunity; (ii) the exhibitor and visitor base of the potential acquisition opportunity; (iii) the reputation of the potential acquisition opportunity, (iv) the valuation of the potential acquisition opportunity and; (v) the commercial benefits of our Group in the transactions.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed below or above the mid-point of the indicative price range. If the Offer Price is set at the lowest end of the price range (HK\$1.23), the net proceeds will be approximately HK\$31.3 million. If the Offer Price is set at the highest end of the price range (HK\$1.33), the net proceeds will be approximately HK\$36.1 million.

FUTURE PLANS AND USE OF PROCEEDS FROM THE SHARE OFFER

Our Group will control the costs and identify the appropriate target for the above plans. In the event that the actual expenditure should exceed the respective net proceeds obtained from the Share Offer, our Group would then consider whether to utilise our own resources, reduce the interest of acquisition or to further raise funds.

To the extent that the net proceeds are not immediately required for the above purposes or if we are unable to implement any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks or authorised financial institutions in Hong Kong.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Sole Coordinator

Halcyon Securities Limited

Joint Bookrunners and Joint Lead Managers

(in alphabetical order)

Convoy Investment Services Limited

Great Roc Capital Securities Limited

Halcyon Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to initially offer 6,000,000 new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal, in all the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally, but not jointly, agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Sole Coordinator (acting on behalf of all the Public Offer Underwriters) shall have the absolute right to terminate the Public Offer Underwriting Agreement by notice in writing to our Company with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if prior to the Termination Time:

UNDERWRITING

- (a) there has come to the notice of the Sole Coordinator or any of the Public Offer Underwriters:
 - (i) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto (other than the Sole Coordinator and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of the Sole Coordinator, to be material in the context of the Share Offer; or
 - (ii) any statement contained in this prospectus, the Application Forms, the web proof information pack, the formal notice and any announcements issued by our Company (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any respect which is considered, in the sole and absolute opinion of the Sole Coordinator, to be material in the context of the Share Offer; or
 - (iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of the Sole Coordinator, to be material in the context of the Share Offer; or
 - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Sole Coordinator, a material omission in the context of the Share Offer; or
 - (v) any event, act or omission which gives or is likely to give rise to any liability of our Company or any of the executive Directors or our Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
 - (vi) any breach by any party to the Public Offer Underwriting Agreement (other than the Sole Coordinator and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of the Sole Coordinator, is material; or
- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:

UNDERWRITING

- (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, the BVI, the Cayman Islands, the US, the UK, Germany, the European Union (or any member thereof), Russia, Singapore or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group (the “**Relevant Jurisdictions**”); or
- (ii) any change in, or any event or series of events or development resulting or likely to result in any change in the local, regional or international financial, equity securities, currency, political, military, industrial, economic, stock market or other market conditions or prospects in or affecting the Relevant Jurisdictions; or
- (iii) any change in the system under which the value of the HK dollars or Renminbi is linked to that of the US dollars; or
- (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in the Relevant Jurisdictions; or
- (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
- (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the Relevant Jurisdictions; or
- (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the Relevant Jurisdictions; or
- (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out; or
- (x) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or
- (xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

UNDERWRITING

- (xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xiii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiv) any litigation or claim of importance of any third party being instigated or threatened against any member of our Group,

which, in the sole and absolute opinion of the Sole Coordinator:

- (1) is or will be, or is likely to be, adverse to the business, financial, trading or other condition or prospects of our Group taken as a whole or any member of our Group; or
- (2) has or will have or is likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or
- (3) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

- (a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Lock-up undertakings to the Public Offer Underwriters

Undertakings by our Company

Our Company has undertaken with the Sole Coordinator (acting on behalf of all the Public Offer Underwriters) that, and each of our executive Directors and Controlling Shareholders has undertaken irrevocably and unconditionally with the Sole Coordinator (acting on behalf of all the Public Offer Underwriters) to procure that:

UNDERWRITING

- (a) except for the issue of the Shares pursuant to the Share Offer, the Capitalisation Issue, the grant of options under the Share Option Scheme and the issue of Shares on exercise thereof or as otherwise with the Sole Coordinator's prior written consent, and unless in compliance with the Listing Rules, our Company will not, and will procure none of our subsidiaries will, during the first six-month period commencing on the date by reference to which disclosure of the shareholding of our executive Directors and our Controlling Shareholders in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"):
- (i) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or, as applicable to our subsidiaries only, repurchase, any of its share capital, debt capital or any securities of our Company or any of our subsidiaries or any interest therein (including but not limited to any warrants and securities convertible into or exercisable or exchangeable for or that represent the right to receive, or any warrants or other rights to purchase, any such share capital or securities or interest therein, as applicable); or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital, debt capital or securities or interest therein as described in paragraph (i) above; or
 - (iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or
 - (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i), (ii) or (iii) above,

whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise; and

- (b) in the event of our Company entering into or agreeing to enter into any of the foregoing transactions in respect of any Share or other securities of our Company or any member of our Group or any interest therein by virtue of the aforesaid exceptions or during the six-month period commencing from the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), it will take all reasonable steps to ensure that such action will not create a disorderly or false market in any of the Shares or other securities of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally undertaken to the Sole Coordinator (on behalf of all the Public Offer Underwriters) that, save as pursuant to the Share Option Scheme, he/it will not, and will procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it will not, without the Sole Coordinator's prior written consent and unless in compliance with the Listing Rules:

UNDERWRITING

- (a) at any time during the First Six-Month Period:
- (i) offer, accept subscription for, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital of our Company or any securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein);
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein;
 - (iii) enter or agree to enter into, conditionally or unconditionally, or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (i) or (ii) above; or
 - (iv) agree or contract to, or publicly announce any intention to enter into or effect any of the transactions referred to in paragraph (i), (ii) or (iii) above;

whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so; and

- (b) at any time during the Second Six-Month Period, enter into any of the foregoing transactions in paragraph (a)(i) or (ii) or (iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it will cease to be a controlling shareholder (as such term is defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be, or regarded as, controlling shareholders (as such term is defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has jointly and severally undertaken to the Sole Coordinator (on behalf of all the Public Offer Underwriters) that:

- (x) until expiry of the Second Six-Month Period, in the event that he/it enters into any such transactions referred to in paragraph (a) or (b) above or agrees or contracts to or publicly announces an intention to enter into any such transactions by virtue of the aforesaid exceptions, he/it will take all reasonable steps to ensure that such action not create a disorderly or false market in the Shares or other securities of our Company;

UNDERWRITING

- (y) comply with the requirements of Rule 10.07(1) and Notes (1), (2) and (3) to Rule 10.07(2) of the Listing Rules, to procure that our Company will comply with the requirements under Note (3) of Rule 10.07(2) of the Listing Rules, and comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/it or by the registered holder controlled by him/it and his/its associates and companies controlled by him/it of any Shares or other securities of our Company; and
- (z) at any time after the date of the Public Offer Underwriting Agreement up to and including the date falling twelve (12) months from the Listing Date, our Controlling Shareholders will:
 - (i) when he/it pledges or charges any Shares or other securities or interests in the securities of our Company in respect of which he/it is the beneficial owner, immediately inform our Company, the Sole Sponsor and the Stock Exchange in writing of any such pledges or charges together with the number of Shares or other securities of our Company and nature of interest so pledged or charged; and
 - (ii) when he/it receives any indication, whether verbal or written, from any such pledgee or chargee that any of the pledged or charged Shares or securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor and the Stock Exchange in writing of any such indication.

Our Company has undertaken to the Sole Sponsor, and our Controlling Shareholders have undertaken to the Sole Sponsor that they will procure our Company to, inform the Stock Exchange as soon as our Company has been informed of the matters mentioned in paragraph (x), (y) or (z), and to make a public disclosure of such matters as soon as possible thereafter in accordance with the Listing Rules.

Lock-up undertakings to the Stock Exchange

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances permitted by Rule 10.08(1) to (5) of the Listing Rules.

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer, he/it shall not, and shall procure that the relevant registered holder(s) shall not:

UNDERWRITING

- (a) at any time during the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner; and
- (b) at any time during the Second Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be our Controlling Shareholder.

Our Controlling Shareholders have further undertaken to the Stock Exchange and our Company that, within a period commencing from the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

- (a) when he/it pledges or charges any of the Shares or securities of our Company beneficially owned by he/it, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledged or charge together with the number of Shares or securities of our Company so pledged or charged; and
- (b) if he/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform our Company of such indications.

Placing

In connection with the Placing, it is expected that our Company, the Selling Shareholder and the covenantors to be named therein, (namely our Controlling Shareholders and the executive Directors) will enter into the Placing Underwriting Agreement with the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to act as agents of our Company and the Selling Shareholder to procure subscribers for and purchasers of, or failing which they shall subscribe for or purchase, the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and the Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Public Offer – Lock-up undertakings to the Public Offer Underwriters” above in this section.

UNDERWRITING

Commissions and expenses

The Public Offer Underwriters will, and the Placing Underwriters are expected to, receive a commission of 3.5% of the aggregate Offer Price payable for the Offer Shares underwritten by them, out of which they shall pay any sub-underwriting commissions. The Sole Sponsor will also receive a documentation and advisory fee.

The underwriting commission, documentation and advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Share Offer, assuming an Offer Price of HK\$1.28 (being the mid-point of the indicative Offer Price range), are estimated to amount to approximately HK\$29.5 million in total, and are payable by our Company and the Selling Shareholder (i) as to the underwriting commission, in proportion to the number of Offer Shares issued or sold by each of them under the Share Offer, and (ii) as to the other expenses, the Selling Shareholder shall bear a portion of such expense equivalent to the number of Sale Shares borne to the total number of our issued Shares upon Listing, and our Company shall bear the remaining portion, provided that all the seller and purchaser stamp duties, if any, shall be borne by the Selling Shareholder.

UNDERWRITERS' INTERESTS IN OUR COMPANY

The Sole Sponsor will receive a documentation and advisory fee. The Sole Coordinator and other Underwriters will receive an underwriting commission. Particulars of such underwriting commission and expenses are set out in the paragraph headed "Underwriting arrangements and expenses – Commissions and expenses" above in this section.

Our Company will appoint, before the Listing Date, Halcyon Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 3A.46 of the Listing Rules in respect of its financial results for the first financial year commencing after such Listing Date, or until the agreement is terminated, whichever is earlier.

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Share Offer.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 60,000,000 Offer Shares (comprising 50,000,000 new Shares and 10,000,000 Sale Shares) will be made available under the Share Offer, of which 54,000,000 Placing Shares (comprising 44,000,000 new Shares and 10,000,000 Sale Shares) (subject to reallocation), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 6,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have severally agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will severally underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” in this prospectus.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to reallocation as described in the paragraph headed “Pricing and allocation” in this section below.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK\$1.33 per Offer Share and is expected to be not less than HK\$1.23 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants under the Public Offer must pay, on application, the maximum indicative Offer Price of HK\$1.33 per Public Offer Share plus 1.0% brokerage, a 0.003% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK\$2,686.81 per board lot of 2,000 Shares. Each Application Form includes a table showing the exact amount payable on certain multiples of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK\$1.33, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. Please see the section headed “How to apply for the Public Offer Shares – 13. Refund of application monies” in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Determining the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around Wednesday, 30 October 2013.

The Offer Price is expected to be fixed by agreement between the Sole Coordinator (acting on behalf of all the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Wednesday, 30 October 2013 and in any event, no later than Monday, 4 November 2013.

If, for any reason, our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Coordinator (acting on behalf of all the Underwriters) are unable to reach agreement on the Offer Price on or before Monday, 4 November 2013, the Share Offer will not proceed and will lapse.

Reduction in Offer Price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Sole Coordinator (acting on behalf of all the Underwriters) considers it appropriate and together with our consent, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published by us on our Company’s website at www.mega-expo.com and the website of the Stock Exchange at www.hkexnews.hk notice of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed “Summary” in this prospectus and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Coordinator (acting on behalf of all the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), will be fixed within such revised Offer Price range. In the absence of the publication of any such notice, the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus. If the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Public Offer will be entitled to withdraw their applications, unless positive confirmations from the applicants to proceed are received.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation

The Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Coordinator.

Allocation of the Offer Shares pursuant to the Placing will be determined by the Sole Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after Listing. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and the Shareholders as a whole.

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Announcement of final Offer Price and basis of allocations

The applicable final Offer Price, the level of indications of interest in the Placing and the basis of allocations of the Public Offer Shares are expected to be announced on Tuesday, 5 November 2013 on our Company's website at www.mega-expo.com and the website of the Stock Exchange at www.hkexnews.hk.

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** application forms, or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** Service (www.hkeipo.hk), will be made available through a variety of channels as described in the section headed "How to apply for the Public Offer Shares – 11. Publication of results" in this prospectus.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

- the Listing Committee granting the approval for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including the Shares to be issued pursuant to the Capitalisation Issue and any Shares which may fall to be issued upon the exercise of the options which may be granted under the Share Option Scheme);
- the Offer Price having been duly agreed on or before the Price Determination Date;
- the execution and delivery of the Placing Underwriting Agreement on or before the Price Determination Date; and

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- the obligations of the Underwriters under each of the Placing Underwriting Agreement and the Public Offer Underwriting Agreement becoming, and continuing to be, unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in such Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be announced by us on our Company's website at www.mega-expo.com and the website of the Stock Exchange at www.hkexnews.hk on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for the Public Offer Shares – 13. Refund of application monies" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Tuesday, 5 November 2013 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 6 November 2013, provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and expenses – Public Offer – Grounds for termination" in this prospectus has not been exercised.

THE PUBLIC OFFER

Number of Shares Initially Offered

Our Company is initially offering 6,000,000 new Shares at the Offer Price, representing 10% of the 60,000,000 Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Public Offer will represent 10% of the total issued share capital of our Company immediately after completion of the Share Offer. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Public Offer" above in this section.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Share Offer will be rejected. No application will be accepted from applicants for more than 6,000,000 Public Offer Shares (being 100% of the initial number of Public Offer Shares).

Reallocation

The allocation of Shares between the Public Offer and the Placing is subject to adjustment. If the number of Shares validly applied for in the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Shares initially available under the Public Offer, the total number of Shares available under the Public Offer will be increased to 18,000,000, 24,000,000 and 30,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Shares initially available under the Share Offer. In such cases, the number of Shares allocated in the Placing will be correspondingly reduced, in such manner as the Sole Coordinator deems appropriate.

If the Public Offer Shares are not fully subscribed, the Sole Coordinator has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Sole Coordinator deems appropriate.

Applications

The Sole Coordinator (acting on behalf of all the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Coordinator so as to allow it to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE PLACING

Number of Offer Shares Offered

Our Company is initially offering 44,000,000 new Shares for subscription and the Selling Shareholder is offering 10,000,000 Sale Shares for sale, at the Offer Price under the Placing, representing 90% of the Offer Shares under the Share Offer, subject to adjustment as mentioned in the paragraph headed “The Public Offer” in this section. The Placing is subject to the Public Offer being unconditional.

Allocation

Pursuant to the Placing, the Placing Underwriters will conditionally place the Shares with institutional and professional investors and other investors expected to have a sizeable demand for the Shares in Hong Kong. Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the “book-building” process described in the paragraph headed “Pricing and allocation” above in this section and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares after Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and the Shareholders as a whole.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 6 November 2013, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 6 November 2013. The Shares will be traded in board lots of 2,000 Shares each under the stock code 1360.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Sponsor, the Sole Coordinator, the **HK eIPO White Form** Service Provider and their respective agents (where applicable) may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the US Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sole Sponsor and/or the Sole Coordinator (or its agents or nominees) may accept it at its discretion and on any conditions it think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR THE PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 25 October 2013 until 12:00 noon on Wednesday, 30 October 2013 from:

- (i) any of the following offices of the Public Offer Underwriters:
- | | | |
|-----|---|--|
| (1) | Convoy Investment Services Limited | Ground Floor & 1st Floor,
Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong |
| (2) | Great Roc Capital Securities Limited | Room 3712,
37/F, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong |
| (3) | Halcyon Securities Limited | 11/F, 8 Wyndham Street
Central
Hong Kong |

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (ii) any of the following branches of Standard Chartered Bank (Hong Kong) Limited, the receiving bank for the Public Offer:

District	Branch Name	Branch Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building 4-4A, Des Voeux Road Central, Central
	Quarry Bay Branch	G/F, Westlands Gardens 1027 King's Road, Quarry Bay
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building No. 63 Hoi Yuen Road, Kwun Tong Kowloon
	Mongkok Branch	Shop B, G/F, 1/F & 2/F 617-623 Nathan Road, Mongkok
New Territories	New Town Plaza Branch	Shop 215, 222 & 223, Phase 1 New Town Plaza, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m., on Friday, 25 October 2013 until 12:00 noon on Wednesday, 30 October 2013 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker, who may have such Application Form and this prospectus available.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited - MEGA EXPO Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Friday, 25 October 2013	–	9:00 a.m. to 5:00 p.m.
Saturday, 26 October 2013	–	9:00 a.m. to 1:00 p.m.
Monday, 28 October 2013	–	9:00 a.m. to 5:00 p.m.
Tuesday, 29 October 2013	–	9:00 a.m. to 5:00 p.m.
Wednesday, 30 October 2013	–	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 30 October 2013, the last application day or such later time as described in "10. Effect of bad weather on the opening of the applications lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) **undertake** to execute all relevant documents and instruct and authorise our Company, the Sole Sponsor and/or the Sole Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) **agree** to comply with the Companies Ordinance and the Articles of Association;
- (iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) **confirm** that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) **agree** that none of our Company, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) **undertake and confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing;
- (viii) **agree** to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, **agree and warrant** that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (xi) **agree** that your application will be governed by the laws of Hong Kong;
- (xii) **represent, warrant and undertake** that (i) you understand that the Public Offer Shares have not been and will not be registered under the US Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S under the US Securities Act) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S under the US Securities Act;
- (xiii) **warrant** that the information you have provided is true and accurate;
- (xiv) **agree** to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) **authorise** our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) **declare and represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) **understand** that our Company, the Sole Sponsor and the Sole Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed “2. Who can apply” in this section may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 25 October 2013 until 11:30 a.m. on Wednesday, 30 October 2013 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 30 October 2013 or such later time under the paragraph headed “10. Effects of bad weather on the opening of the applications lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for the Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 2979-7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2nd Floor
Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Sole Coordinator and the Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (ii) HKSCC Nominees will do the following things on your behalf:
- **agree** that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - **agree** to accept the Public Offer Shares applied for or any lesser number allocated;
 - **undertake and confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under Placing;
 - **declare** that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - **confirm** that you understand that our Company, our Directors, the Sole Sponsor and the Sole Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - **authorise** our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
 - **agree** that none of our Company, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Public Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
 - **agree** to disclose your personal data to our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for the Public Offer Shares;
- **agree** with our Company, for ourselves and for the benefit of each Shareholder (and so that our Company will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance and the Articles of Association; and
- **agree** that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- **instructed and authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- **instructed and authorised** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- **instructed and authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 2,000 Public Offer Shares. Instructions for more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 25 October 2013	–	9:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, 26 October 2013	–	8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, 28 October 2013	–	8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 29 October 2013	–	8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 30 October 2013	–	8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 25 October 2013 until 12:00 noon on Wednesday, 30 October 2013 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 30 October 2013, the last application day or such later time as described in the paragraph headed “10. Effect of bad weather on the opening of the application lists” in this section.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 30 October 2013.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please see the section headed “Structure and conditions of the Share Offer - Pricing and allocation” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 30 October 2013. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 30 October 2013 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Tuesday, 5 November 2013 on our Company’s website at www.mega-expo.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.mega-expo.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Tuesday, 5 November 2013;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Tuesday, 5 November 2013 to 12:00 midnight on Monday, 11 November 2013;
- by telephone enquiry line by calling 3691-8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 5 November 2013 to Friday, 8 November 2013 on a business day;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 5 November 2013 to Thursday, 7 November 2013 at all the receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which we may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Sole Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Sole Sponsor or the Sole Coordinator believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.33 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

are not fulfilled in accordance with the section headed “Structure and conditions of the Share Offer - Conditions of the Public Offer” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 5 November 2013.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Tuesday, 5 November 2013. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Public Offer has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Personal Collection

(i) If you apply using a **WHITE** Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 5 November 2013 or such other date as announced by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 5 November 2013, by ordinary post and at your own risk.

(ii) If you apply using a **YELLOW** Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 5 November 2013, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 5 November 2013, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **If you are applying as a CCASS investor participant**

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "11. Publication of Results" above in this section. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 5 November 2013 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

- (iii) **If you apply through the HK eIPO WHITE FORM service**

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 5 November 2013, or such other date as announced by our Company as the date of despatch/collection of share certificates **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 5 November 2013 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of **HK eIPO White Form** e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

- (iv) **If you apply via Electronic Application Instructions to HKSCC**

Allocation of The Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 5 November 2013, or, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed “11. Publication of Results” above in this section on Tuesday, 5 November 2013. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 5 November 2013 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Tuesday, 5 November 2013. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 5 November 2013.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.



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

25 October 2013

The Board of Directors
Mega Expo Holdings Limited
Halcyon Capital Limited

Dear Sirs,

We set out below our report on the financial information of Mega Expo Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), comprising the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 30 June 2011, 2012 and 2013 (the “**Track Record Period**”), and the combined statements of financial position of the Group as at 30 June 2011, 2012 and 2013 and the statement of financial position of the Company as at 30 June 2013 together with the notes thereto (the “**Financial Information**”), prepared on the basis of presentation set out in Note 3 of Section II below, for inclusion in the prospectus of the Company dated 25 October 2013 (the “**Prospectus**”) in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company was incorporated on 21 August 2012 in the Cayman Islands under the Companies Law, as an exempted company with limited liability. Pursuant to a group reorganisation (the “**Reorganisation**”) as more fully explained in the paragraph headed “**Group reorganisation**” in Appendix IV to the Prospectus, the Company became the holding company of the subsidiaries now comprising the Group as set out in Note 2 of Section II. The Reorganisation became effective on 3 October 2013.

The Company has adopted 30 June as its year end date. No statutory audited financial statements have been prepared for the Company since its date of incorporation as there are no statutory requirements for the Company to prepare audited financial statements.

No statutory audited financial statements have been prepared for Expand Trade Investments Limited (“**Expand Trade**”), Idea Trade Limited (“**Idea Trade**”), Mega Expo (U.S.A.) Limited (formerly known as Kenfair Exhibition (U.S.A.) Limited) (“**Mega Expo (USA)**”), Mega Expo (Berlin) Limited (formerly known as Mega Berlin Limited) (“**Mega Expo (Berlin)**”), New Heyday Investments Limited (“**New Heyday**”), Profit Topmark Limited (“**Profit Topmark**”), Mega Expo Travel Limited (“**Mega Expo Travel**”) and Mega Expo (U.S.A.) Inc. since its date of incorporation as there are no statutory requirements to prepare audited financial statements.

The statutory audited financial statements of Mega Expo (Hong Kong) Limited (formerly known as Fine China Management Limited and Kenfair Exhibition (Hong Kong) Limited respectively) (“**Mega Expo (HK)**”) and Mega Expo Operations Management Limited (formerly known as Top Elite Management Limited and Kenfair Operations Management Limited respectively) (“**Mega Expo Operations**”) for the years ended 30 June 2010 and 2011 were prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and were audited by HLB Hodgson Impey Cheng, Certified Public Accountants registered in Hong Kong.

The statutory audited financial statements of Mega Expo (Hong Kong) Limited (formerly known as Kenfair Exhibition (Hong Kong) Limited) (“**Mega Expo (BVI)**”), Mega Expo (HK) and Mega Expo Operations for the year ended 30 June 2012 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

The statutory audited financial statements of i-MegAsia Limited (“**i-MegAsia**”) for the year ended 30 June 2011 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by HLB Hodgson Impey Cheng, Certified Public Accountants registered in Hong Kong.

The statutory audited financial statements of i-MegAsia for the year ended 30 June 2012 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

The statutory audited financial statements of 寧波天一甬港國際展覽有限公司 (“**Ningbo Tianyi**”) for the years ended 31 December 2011 and 2012 was prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises in the People’s Republic of China (the “**PRC**”) and were audited by 寧波天易聯合會計師事務所, certified public accountants registered in the PRC.

The statutory audited financial statements of 深圳恒建展覽策劃有限公司 (formerly known as 深圳建發創劃展覽策劃有限公司) (“**Shenzhen Hengjian**”) for the years ended 31 December 2011 and 2012 were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises in the PRC and were audited by 深圳皇嘉會計師事務所, certified public accountants registered in the PRC.

BASIS OF PREPARATION

For the purpose of this report, the directors of the Company have prepared the Financial Information for the Track Record Period based on the audited financial statements or unaudited financial statements with no adjustments made thereon, in accordance with HKFRSs issued by the HKICPA and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Financial Information for each of the years ended 30 June 2011, 2012 and 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

RESPONSIBILITY OF THE DIRECTORS

The directors of the Company are responsible for the contents of the Prospectus, including the preparation of the Financial Information that gives a true and fair view in accordance with the basis set out in Note 3 of Section II. The directors of the Company are responsible for the preparation of the Financial Information that give a true and fair view in accordance with HKFRSs and the disclosure requirements of Listing Rules and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the Financial Information that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF REPORTING ACCOUNTANTS

For the Financial Information for the Track Record Period, it is our responsibility to form an independent opinion on the Financial Information based on our examination and to report our opinion to you. We examined the relevant audited financial statements or, where appropriate, the relevant unaudited financial statements of the Group for the Track Record Period, and carried out such procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information for the Track Record Period, for the purpose of this report and prepared on the basis of presentation and preparation set out in Note 3 of Section II below, gives a true and fair view of the combined state of affairs of the Group as at 30 June 2011, 2012 and 2013 and of the state of affairs of the Company as at 30 June 2013 and of the combined results and combined cash flows of the Group for the Track Record Period.

I. FINANCIAL INFORMATION

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 30 June 2011 HK\$'000	Year ended 30 June 2012 HK\$'000	Year ended 30 June 2013 HK\$'000
	<i>Notes</i>			
Revenue	7	147,758	166,795	220,633
Other revenue	8	1,792	59	567
Other income	9	209	96	98
Advertising and promotion expenses		(9,089)	(11,645)	(10,229)
Agency commission		(2,421)	(2,519)	(6,331)
Exhibition rentals		(1,470)	(3,935)	(2,982)
Staff costs		(19,126)	(21,831)	(34,817)
Booth construction costs		(21,803)	(23,818)	(25,582)
Exhibition expenses		(9,570)	(13,321)	(8,173)
Exhibition co-operation expenses		(35,114)	(37,064)	(58,369)
Other operating expenses		(19,946)	(21,953)	(40,574)
Profit before tax	9	31,220	30,864	34,241
Taxation	11	(5,294)	(5,976)	(8,339)
Profit for the year		25,926	24,888	25,902
Other comprehensive income for the year, net of tax:				
Items that may be subsequently reclassified to profit or loss:				
Exchange difference on translation of foreign operations		102	34	(44)
Total comprehensive income for the year, net of tax		<u>26,028</u>	<u>24,922</u>	<u>25,858</u>
Profit/(loss) attributable to:				
Owners of the Company		26,049	25,056	26,170
Non-controlling interests		(123)	(168)	(268)
		<u>25,926</u>	<u>24,888</u>	<u>25,902</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company		26,116	25,082	26,124
Non-controlling interests		(88)	(160)	(266)
		<u>26,028</u>	<u>24,922</u>	<u>25,858</u>
Earnings per share attributable to owners of the Company				
– Basic and diluted (HK cents)	13	<u>17.37</u>	<u>16.70</u>	<u>17.45</u>

The accompanying notes form an integral part of the Financial Information.

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 30 June 2011 HK\$'000	As at 30 June 2012 HK\$'000	As at 30 June 2013 HK\$'000
	<i>Notes</i>			
Non-current assets				
Goodwill	14	322	322	–
Property, plant and equipment	15	1,466	1,091	1,886
		<u>1,788</u>	<u>1,413</u>	<u>1,886</u>
Current assets				
Prepayments, deposits and other receivables	16	42,278	60,384	34,298
Amount due from ultimate holding company	17	–	12	13
Amounts due from directors	18	46,248	56,893	21,824
Cash and cash equivalents	19	32,690	29,858	73,835
		<u>121,216</u>	<u>147,147</u>	<u>129,970</u>
Current liabilities				
Receipt in advance		97,250	136,817	123,590
Accruals and other payables	20	12,975	1,773	3,908
Income tax payable		8,640	7,909	8,447
		<u>118,865</u>	<u>146,499</u>	<u>135,945</u>
Net current assets/(liabilities)		<u>2,351</u>	<u>648</u>	<u>(5,975)</u>
Total assets less current liabilities		<u><u>4,139</u></u>	<u><u>2,061</u></u>	<u><u>(4,089)</u></u>
Capital and reserves				
Share capital	22	1	1	–
Reserves		3,667	1,749	(4,134)
Equity attributable to owners of the Company		3,668	1,750	(4,134)
Non-controlling interests		471	311	45
Total equity		<u><u>4,139</u></u>	<u><u>2,061</u></u>	<u><u>(4,089)</u></u>

The accompanying notes form an integral part of the Financial Information.

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000	Proposed dividend HK\$'000	Other reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
As at 1 July 2010	1	-	3,400	-	13,551	16,952	-	16,952
Profit for the year	-	-	-	-	26,049	26,049	(123)	25,926
Other comprehensive income for the year, net of tax	-	67	-	-	-	67	35	102
Total comprehensive (loss)/income for the year	-	67	-	-	26,049	26,116	(88)	26,028
Acquisition of a subsidiary	-	-	-	-	-	-	559	559
Dividend paid	-	-	(3,400)	-	(36,000)	(39,400)	-	(39,400)
As at 30 June 2011 and 1 July 2011	1	67	-	-	3,600	3,668	471	4,139
Profit for the year	-	-	-	-	25,056	25,056	(168)	24,888
Other comprehensive income for the year, net of tax	-	26	-	-	-	26	8	34
Total comprehensive (loss)/income for the year	-	26	-	-	25,056	25,082	(160)	24,922
Dividend paid	-	-	-	-	(27,000)	(27,000)	-	(27,000)
As at 30 June 2012 and 1 July 2012	1	93	-	-	1,656	1,750	311	2,061
Profit for the year	-	-	-	-	26,170	26,170	(268)	25,902
Other comprehensive (loss)/income for the year, net of tax	-	(46)	-	-	-	(46)	2	(44)
Total comprehensive (loss)/income for the year	-	(46)	-	-	26,170	26,124	(266)	25,858
Effect of reorganisation	(1)	-	-	(7)	-	(8)	-	(8)
Dividend paid	-	-	-	-	(32,000)	(32,000)	-	(32,000)
As at 30 June 2013	-	47	-	(7)	(4,174)	(4,134)	45	(4,089)

The accompanying notes form an integral part of the Financial Information.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 30 June 2011 <i>HK\$'000</i>	Year ended 30 June 2012 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
OPERATING ACTIVITIES			
Profit before tax	31,220	30,864	34,241
Adjustments for:			
Depreciation of property, plant and equipment	416	583	912
Impairment loss on goodwill	–	–	322
Interest income	(5)	(13)	(8)
Operating cash flows before movement in working capital	31,631	31,434	35,467
(Increase)/decrease in prepayments, deposits and other receivables	(7,930)	(18,106)	26,086
(Increase)/decrease in amounts due from directors	(5,112)	(29,895)	3,069
Increase in amount due from an ultimate holding company	–	(12)	(9)
(Decrease)/increase in receipt in advance	(1,659)	39,567	(13,227)
Increase/(decrease) in accruals and other payables	7,084	(11,202)	2,135
Cash generated from operations	24,014	11,786	53,521
Tax paid	–	(6,706)	(7,801)
Net cash generated from operating activities	24,014	5,080	45,720
INVESTING ACTIVITIES			
Interest received	5	13	8
Net cash outflow in respect of acquisition of a subsidiary	(572)	–	–
Purchase of property, plant and equipment	(1,797)	(207)	(1,705)
Net cash used in investing activities	(2,364)	(194)	(1,697)
FINANCING ACTIVITY			
Dividend paid	(23,400)	(7,750)	–
Net cash used in financing activity	(23,400)	(7,750)	–
Net (decrease)/increase in cash and cash equivalents	(1,750)	(2,864)	44,023
Cash and cash equivalents at the beginning of the year	34,343	32,690	29,858
Effect of foreign currency exchange rate changes	97	32	(46)
Cash and cash equivalents at the end of the year	<u>32,690</u>	<u>29,858</u>	<u>73,835</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	<u>32,690</u>	<u>29,858</u>	<u>73,835</u>

The accompanying notes form an integral part of the Financial Information.

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Corporate information

The Company was incorporated as a limited liability company in Cayman Islands on 21 August 2012. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is located at 23/F, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong. It became the holding company of the Group as a result of the Reorganisation as described in the paragraph headed "Group reorganisation" in Appendix IV to the Prospectus.

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

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

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

2. REORGANISATION

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Group underwent the Reorganisation, as a result of which the Company became a holding company of the subsidiaries comprising the Group. The Reorganisation included the following principal steps:

- (a) on 19 March 2012, New Heyday was incorporated in the BVI to act as the holding company of Idea Trade. It has an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each, of which one share was allotted and issued to each of Mr. Lee Chi Sang ("**Mr. Lee**") and Mr. Cheung Shui Kwai ("**Mr. Cheung**") at par on 15 June 2012. The said one share held by and registered in the name of Mr. Cheung in New Heyday was held on trust pursuant to a declaration of trust dated 19 November 2012 in favour of Mr. Lee.
- (b) on 3 April 2012, Business Good was incorporated in the BVI as an investment holding company of Mr. Lee with an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each. On 15 June 2012, Mr. Lee subscribed for and was allotted and issued one share in the share capital of Business Good at par value;
- (c) on 30 May 2012, Expand Trade was incorporated in the BVI for the purpose of acting as the intermediate holding company of the Group with an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each. On 15 June 2012, Business Good subscribed for and was allotted and issued one share in the share capital of Expand Trade at par value;
- (d) on 30 May 2012, Idea Trade was incorporated in the BVI for the purpose of holding certain licences in connection with the trade exhibitions including the license in relation to the Mega Shows with an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each. On 15 June 2012, New Heyday subscribed for and was allotted and issued one share in the share capital of Idea Trade at par value;
- (e) on 4 July 2012, Mr. Lee transferred one share in the issued share capital of each of Mega Expo Operations, Mega Expo (BVI), Mega Expo (USA) and Mega Expo (Berlin), representing their respective entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing an aggregate of four shares in Business Good to Mr. Lee;
- (f) on 30 July 2012, Mr. Lee transferred one share in the issued share capital of each of Mega Expo (HK) and i-MegAsia, representing their respective entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing an aggregate of two shares in Business Good to Mr. Lee;

- (g) on 8 August 2012, Mr. Lee transferred one share in the issued share capital of Profit Topmark, representing its entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing one share in Business Good to Mr. Lee;
- (h) on 21 August 2012, the Company was incorporated in the Cayman Islands under the Companies Law as an exempted company to act as the ultimate holding company of the Group. The authorised share capital of the Company, on incorporation, was HK\$100,000 divided into 1,000,000 shares of HK\$0.1 each. On 21 August 2012, the Company allotted and issued one nil-paid share to Codan Trust Company (Cayman) Limited, which was transferred to Mr. Lee on the same date;
- (i) on 19 November 2012, Mr. Lee and Mr. Cheung entered into a deed ("**Deed**"), pursuant to which the parties thereto confirmed and agreed that in consideration of Mr. Cheung procuring HKCEC Management, the venue provider of the Mega Shows to enter into licence agreements for the occupancy of venue for the Mega Shows in 2013 (the "**2013 HKCEC Licence Agreement**") with Idea Trade; Mr. Lee would procure Business Good to allot and issue 68 shares in Business Good to Mr. Cheung, subject to and upon the terms and conditions in the Deed;
- (j) on 19 November 2012, each of Mr. Lee and Mr. Cheung, (at the request and as trustee on trust for Mr. Lee), transferred one share in the issued share capital of New Heyday, representing its entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing 924 shares in Business Good to Mr. Lee. On the same day, Business Good allotted and issued 68 shares, credited as fully paid to Mr. Cheung according to the terms of the Deed;
- (k) on 3 October 2013, each issued and unissued ordinary share of HK\$0.10 each was sub-divided into 10 shares of HK\$0.01 each and following the sub-division of share capital, the number of shares of the Company increased from 1,000,000 to 10,000,000; and
- (l) on 3 October 2013, Mr. Lee transferred 10 nil-paid shares in the Company to Business Good and Business Good transferred the entire issued share capital in Expand Trade to the Company, in exchange for which the Company (a) issued and allotted 9,999,990 shares to Business Good, credited as fully paid; and (b) credited as fully paid at par the 10 nil-paid shares which was then registered in the name of Business Good.

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

The direct and indirect interests in the subsidiaries held by the Company during the Track Record Period and at the date of this report are as follows:

Name of subsidiaries	Place and date of registration and operations	Issued and paid up/ registered capital	Percentage of equity and voting power attributable to the company		Principal activities
			Direct %	Indirect %	
Expand Trade	The BVI, 30 May 2012	US\$1	100	–	Investment holding
Idea Trade	The BVI, 30 May 2012	US\$1	–	100	License holding
New Heyday	The BVI, 19 March 2012	US\$2	–	100	Investment holding
Mega Expo Operations	The BVI, 2 January 2009	US\$1	–	100	Provision of sub-contracting services for exhibitions and trade shows
Mega Expo (BVI)	The BVI, 21 March 2011	US\$1	–	100	Organisation of exhibitions and trade shows
Mega Expo (USA)	The BVI, 31 May 2011	US\$1	–	100	Organisation of exhibitions and trade shows
Mega Expo (U.S.A.) Inc.	The United States of America, 12 April 2013	US\$0.1	–	100	Organisation of exhibitions and trade shows
Mega Expo (Berlin)	The BVI, 8 May 2012	US\$1	–	100	Organisation of exhibitions and trade shows
Mega Expo (HK)	Hong Kong, 11 March 2009	HK\$1	–	100	Organisation of exhibitions and trade shows and providing ancillary services
i-MegAsia	Hong Kong, 17 March 2011	HK\$1	–	100	Provision of ancillary services for trade shows
Profit Topmark	The BVI, 6 April 2011	US\$1	–	100	Investment holding
Mega Expo Travel	Hong Kong, 19 September 2012	HK\$500,000	–	100	Provision of travel agency business
Ningbo Tianyi	The PRC, 8 September 2009	RMB2,000,000	–	100	Organisation of exhibitions and trade shows
Shenzhen Hengjian	The PRC, 30 November 2010	US\$300,000	–	100	Provision of ancillary services for trade shows

The English names of the Company's subsidiaries in the PRC are transliteration of their respective Chinese names and have not been registered.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The Financial Information set out in this report has been prepared in accordance with HKFRSs, which collective term includes HKFRSs, Hong Kong Accounting Standards ("HKAS") and related interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosures required by the Listing Rules.

The measurement basis used in the preparation of the Financial Information is the historical cost convention except for certain financial assets and financial liabilities which have been carried at fair value as explained below.

The preparation of the Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

Adoption of new and revised HKFRSs

At the date of this report, the Group has not applied the following new or revised standards, amendments and interpretations that have been issued by the HKICPA but are not yet effective, in the Financial Information:

HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ²
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets ²
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting ²
Amendments to HKFRSs	Annual Improvement 2009-2011 Cycle ¹
HKFRS 1 (Amendments)	Government Loans ¹
HKFRS 7 (Amendments)	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entities: Transition Guidance ¹
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹
HK(IFRIC) – Int 21	Levies ²

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2014

³ Effective for annual periods beginning on or after 1 January 2015

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

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

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

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

- amendments to HKAS 1 *Presentation of Financial Statements*;
- amendments to HKAS 16 *Property, Plant and Equipment*; and
- amendments to HKAS 32 *Financial Instruments: Presentation*.

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*.

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

Merger accounting for common control combination

The Financial Information incorporates the financial statement items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or business are consolidated using the existing book values from the controlling party's perspective. No amount is recognised with respect to goodwill or any excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest.

The consolidated statements of comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when combining entities or business first came under common control, where this is a shorter period, regardless of the date of common control combination.

Intra-group transactions, balances and unrealised gains on transactions between the combining entities or business are eliminated. Unrealised losses are eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of combining entities or business have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transaction costs, including professional fees, registration fees, cost of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as an expense in the period in which they are incurred.

Basis of consolidation

The Financial Information incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the Track Record Period are included in the combined statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations

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

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

- (i) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- (ii) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- (iii) assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

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

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

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

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

Goodwill

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

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

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

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

Property, plant and equipment

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

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

Leasehold improvements	Over the lease terms
Furniture and equipment	20%
Computer equipment	25%

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

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

Impairment of tangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

Recoverable amount is the higher of fair value less costs to sell and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

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

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

Financial assets

Financial assets are classified into financial assets “at fair value through profit or loss” (FVTPL), “held-to-maturity” investments, “available-for-sale” (AFS) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All of the Group’s financial assets are classified as “loans and receivables”. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Loans and receivables

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

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

Impairment of financial assets

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

For all other financial assets except for AFS equity investments, objective evidence of impairment could include:

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

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

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Other financial liabilities

Other financial liabilities (including accruals and other payables) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

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

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

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

Cash and cash equivalents

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

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

Revenue recognition

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

(i) *Participation fee income*

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

(ii) *Interest income*

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

(iii) *Additional facilities income*

Additional facilities income is recognised when the services are rendered.

(iv) *Sub-contracting income*

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

(v) *Management fee income*

Management fee income is recognised when the services are rendered.

(vi) *Other ancillary service income*

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

Retirement benefits costs

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

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

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

Income tax

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

Current tax

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

Deferred tax

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligations.

Contingent liabilities and contingent assets

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

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

Foreign currencies

Items included in the combined financial statements of each of the companies now comprising the Group are measured using the currency of the primary environment in which the Company operates (the "**functional currency**").

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the combined statements of comprehensive income in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the combined statements of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

Related parties transactions

- (1) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (2) An entity is related to the Group if any of the following condition applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsorship employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (1).
 - (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

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

Leases

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

The Group as lessee

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

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

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

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

Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's executive directors, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

Dividends distribution

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

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

Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statements over the period necessary to match them with costs that they are intended to compensate and are presented separately from the costs. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in the income statements on a straight-line basis over the expected lives of the related assets.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 3, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next year, are discussed below:

Income taxes

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

Impairment of property, plant and equipment

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

Estimated impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in Note 3. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

5. FINANCIAL INSTRUMENTS**Financial instruments by category**

The carrying amount of each of the categories of financial instruments as at the end of the reporting period is as follows:

	As at 30 June 2011 HK\$'000	As at 30 June 2012 HK\$'000	As at 30 June 2013 HK\$'000
Financial assets			
Loan and receivables			
– Amounts due from directors	46,248	56,893	21,824
– Amount due from ultimate holding company	–	12	13
– Financial assets included in other receivables	2,160	5,261	1,535
– Cash and cash equivalents	32,690	29,858	73,835
	<u>81,098</u>	<u>92,024</u>	<u>97,207</u>
Financial liabilities			
At amortised cost			
– Accruals and other payables	12,975	1,773	3,908
	<u>12,975</u>	<u>1,773</u>	<u>3,908</u>

Financial risk management objective and policies

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

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

Interest rate risk

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

Currency risk

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

Fair value of financial instruments

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

- (i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- (ii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

Fair value measurements recognised in the statement of financial position

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

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

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

Capital risk management

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

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

	As at 30 June 2011 HK\$'000	As at 30 June 2012 HK\$'000	As at 30 June 2013 HK\$'000
Total debts	—	—	—
Total assets	123,004	148,560	131,856
Gearing ratio	N/A	N/A	N/A

6. OPERATING SEGMENT

Information reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

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

The three operating and reportable segments are as follows:

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

Segment revenues and results

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

Year ended 30 June 2013

	Organisation of exhibitions <i>HK\$'000</i>	Exhibition- related services <i>HK\$'000</i>	Ancillary services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
Segment revenue	209,753	37,162	105	247,020
Inter-segment revenue	–	(26,387)	–	(26,387)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue from external customers	209,753	10,775	105	220,633
	<hr/>	<hr/>	<hr/>	<hr/>
Results				
Segment results	90,825	10,775	(84)	101,516
	<hr/>	<hr/>	<hr/>	<hr/>
Unallocated income				94
Unallocated corporate expenses				(67,369)
				<hr/>
Profit before tax				34,241
Taxation				(8,339)
				<hr/>
Profit for the year				25,902
				<hr/> <hr/>

Year ended 30 June 2012

	Organisation of exhibitions <i>HK\$'000</i>	Exhibition- related services <i>HK\$'000</i>	Ancillary services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
Segment revenue	140,518	41,884	221	182,623
Inter-segment revenue	–	(15,828)	–	(15,828)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue from external customers	140,518	26,056	221	166,795
	<hr/>	<hr/>	<hr/>	<hr/>
Results				
Segment results	46,832	20,528	(7)	67,353
	<hr/>	<hr/>	<hr/>	<hr/>
Unallocated income				27
Unallocated corporate expenses				(36,516)
				<hr/>
Profit before tax				30,864
Taxation				(5,976)
				<hr/>
Profit for the year				24,888
				<hr/> <hr/>

Year ended 30 June 2011

	Organisation of exhibitions <i>HK\$'000</i>	Exhibition- related services <i>HK\$'000</i>	Ancillary services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
Segment revenue	124,939	38,712	136	163,787
Inter-segment revenue	–	(16,029)	–	(16,029)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue from external customers	124,939	22,683	136	147,758
	<hr/>	<hr/>	<hr/>	<hr/>
Results				
Segment results	46,490	16,465	136	63,091
	<hr/>	<hr/>	<hr/>	<hr/>
Unallocated income				78
Unallocated corporate expenses				(31,949)
				<hr/>
Profit before tax				31,220
Taxation				(5,294)
				<hr/>
Profit for the year				25,926
				<hr/> <hr/>

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represent the profit generated by each segment without allocation of corporate income, corporate expenses and taxation. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

As at 30 June 2013

	Organisation of exhibitions <i>HK\$'000</i>	Exhibition- related services <i>HK\$'000</i>	Ancillary services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Segment assets	29,735	–	–	29,735
Unallocated corporate assets				102,121
				<hr/>
				131,856
				<hr/> <hr/>
Liabilities				
Segment liabilities	123,581	–	9	123,590
Unallocated corporate liabilities				12,355
				<hr/>
				135,945
				<hr/> <hr/>

As at 30 June 2012

	Organisation of exhibitions <i>HK\$'000</i>	Exhibition- related services <i>HK\$'000</i>	Ancillary services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Segment assets	54,776	–	–	54,776
Unallocated corporate assets				93,784
				<u>148,560</u>
Liabilities				
Segment liabilities	136,792	–	25	136,817
Unallocated corporate liabilities				9,682
				<u>146,499</u>

As at 30 June 2011

	Organisation of exhibitions <i>HK\$'000</i>	Exhibition- related services <i>HK\$'000</i>	Ancillary services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Segment assets	39,766	–	–	39,766
Unallocated corporate assets				83,238
				<u>123,004</u>
Liabilities				
Segment liabilities	97,250	–	–	97,250
Unallocated corporate liabilities				21,615
				<u>118,865</u>

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

- all assets are allocated to reportable segments other than corporate assets. Goodwill is allocated to reportable segments as described in Note 14; and
- all liabilities are allocated to reportable segments other than corporate liabilities.

Other segment information

For the year ended 30 June 2011

	Organisation of exhibitions <i>HK\$'000</i>	Exhibition- related services <i>HK\$'000</i>	Ancillary services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation and amortization	–	–	–	912	912
Capital expenditures	–	–	–	1,705	1,705
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 30 June 2012

	Organisation of exhibitions <i>HK\$'000</i>	Exhibition- related services <i>HK\$'000</i>	Ancillary services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation and amortization	–	–	–	583	583
Capital expenditures	–	–	–	207	207
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 30 June 2013

	Organisation of exhibitions <i>HK\$'000</i>	Exhibition- related services <i>HK\$'000</i>	Ancillary services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation and amortization	–	–	–	416	416
Capital expenditures	–	–	–	1,797	1,797
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Geographical segments

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

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

Segment revenue:

	Year ended 30 June 2011 <i>HK\$'000</i>	Year ended 30 June 2012 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
Hong Kong	147,758	147,474	195,165
Singapore	–	14,413	10,673
Germany	–	4,908	6,603
The US	–	–	8,192
	<u>147,758</u>	<u>166,795</u>	<u>220,633</u>

Other segment information:

Segment assets:

	As at 30 June 2011 <i>HK\$'000</i>	As at 30 June 2012 <i>HK\$'000</i>	As at 30 June 2013 <i>HK\$'000</i>
Hong Kong	119,551	146,950	131,391
The PRC	3,453	1,610	465
	<u>123,004</u>	<u>148,560</u>	<u>131,856</u>

Capital expenditure:

	Year ended 30 June 2011 <i>HK\$'000</i>	Year ended 30 June 2012 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
Hong Kong	1,796	161	1,649
The PRC	1	46	56
	<u>1,797</u>	<u>207</u>	<u>1,705</u>

Information about major customers

The Group's customer base includes one customer with whom transactions have exceeded 10% of the Group's revenue during the Track Record Period, sales from this customer is set out below:

	Year ended 30 June 2011 <i>HK\$'000</i>	Year ended 30 June 2012 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
Customer A	<u>18,849</u>	<u>21,175</u>	<u>27,441</u>

7. REVENUE

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

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

	Year ended 30 June 2011 HK\$'000	Year ended 30 June 2012 HK\$'000	Year ended 30 June 2013 HK\$'000
Participation fee income	124,939	140,518	209,753
Additional facilities income	9,262	7,282	10,416
Sub-contracting and management fee income	13,421	18,774	359
Other ancillary service income	136	221	105
	<u>147,758</u>	<u>166,795</u>	<u>220,633</u>

8. OTHER REVENUE

	Year ended 30 June 2011 HK\$'000	Year ended 30 June 2012 HK\$'000	Year ended 30 June 2013 HK\$'000
Government subsidy (<i>Note</i>)	1,170	15	116
Sundry income	622	44	451
	<u>1,792</u>	<u>59</u>	<u>567</u>

Note:

For the year ended 30 June 2011, government subsidy represents the grant of approximately HK\$1,170,000 (RMB1,000,000) from the Ningbo District Government, the PRC, for the organisation of Ningbo International Sourcing Expo.

For the year ended 30 June 2012, government subsidy represents the grant of approximately HK\$15,000 from the Hong Kong Trade and Industry Department under the SME Marketing Export Fund for the participation in HKTDC Hong Kong Toys and Game Fair 2012.

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

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Year ended 30 June 2011 <i>HK\$'000</i>	Year ended 30 June 2012 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
Staff costs:			
Employee benefit expense (including directors' remuneration (<i>Note 10</i>)):			
Wages and salaries	18,806	21,178	33,583
Retirement benefit schemes contributions	320	653	1,234
	<u>19,126</u>	<u>21,831</u>	<u>34,817</u>
Other items:			
Depreciation of owned property, plant and equipment (<i>Note 15</i>)	416	583	912
Impairment loss on goodwill	–	–	322
Auditors' remuneration	1,231	791	1,025
Operating lease rentals in respect of land and building	4,631	5,017	9,902
	<u>4,631</u>	<u>5,017</u>	<u>9,902</u>
and after crediting:			
Other income:			
Interest income	5	13	8
Exchange gains	204	83	90
	<u>209</u>	<u>96</u>	<u>98</u>

10. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID EMPLOYEES REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments

Details of directors' emoluments are as follows:

	Year ended 30 June 2011 <i>HK\$'000</i>	Year ended 30 June 2012 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	3,546	3,467	6,348
Retirement benefit schemes contributions	24	24	30
	<u>3,570</u>	<u>3,491</u>	<u>6,378</u>
Total	<u>3,570</u>	<u>3,491</u>	<u>6,378</u>

Executive and non-executive directors

	Fees <i>HK\$'000</i>	Salaries, allowances and other benefits in kind <i>HK\$'000</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
Year ended 30 June 2013				
Executive directors				
Mr. Lee	–	4,478	15	4,493
Si Tze Fung (“Mr. Si”)	–	1,870	15	1,885
Independent non-executive directors				
Chu Kwok Man (<i>note a</i>)	–	–	–	–
Leung Hung Kee (<i>note a</i>)	–	–	–	–
Yeung Wei Keung (<i>note a</i>)	–	–	–	–
	–	6,348	30	6,378
Year ended 30 June 2012				
Executive directors				
Mr. Lee	–	2,678	12	2,690
Mr. Si	–	789	12	801
Independent non-executive directors				
Chu Kwok Man (<i>note a</i>)	–	–	–	–
Leung Hung Kee (<i>note a</i>)	–	–	–	–
Yeung Wei Keung (<i>note a</i>)	–	–	–	–
	–	3,467	24	3,491
Year ended 30 June 2011				
Executive directors				
Mr. Lee	–	2,546	12	2,558
Mr. Si	–	1,000	12	1,012
Independent non-executive directors				
Chu Kwok Man (<i>note a</i>)	–	–	–	–
Leung Hung Kee (<i>note a</i>)	–	–	–	–
Yeung Wei Keung (<i>note a</i>)	–	–	–	–
	–	3,546	24	3,570

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

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
HK\$4,000,001 to HK\$5,000,000	–	–	1
HK\$3,000,001 to HK\$4,000,000	–	–	–
HK\$2,000,001 to HK\$3,000,000	–	–	–
HK\$1,000,001 to HK\$2,000,000	2	1	1
Nil to HK\$1,000,000	3	4	3
	5	5	5

Note:

- (a) The Company's independent non-executive directors were all appointed on 18 October 2013. As such, no emolument was paid or payable to them during the Track Record Period.
- (b) Included in the directors' emoluments, no fee paid to the executive directors and independent non-executive directors during the Track Record Period.
- (c) During the Track Record Period, bonus of approximately HK\$301,000, HK\$413,000 and HK\$813,000 respectively were paid to the executive directors of the Company. During the Track Record Period no directors waived or agreed to waive any remuneration. In addition no emoluments were paid by the Group to the executive directors and independent non-executive directors as an inducement to join, or upon joining the Group, or as a compensation for loss of office.
- (d) During the Track Record Period, no share options were granted to the executive directors and independent non-executive directors to subscribe for ordinary shares of the Company under the Company's share option scheme.

Five highest paid employees

The five highest paid employees of the Group during the Track Record Period are analysed as follows:

	Year ended 30 June 2011 HK\$'000	Year ended 30 June 2012 HK\$'000	Year ended 30 June 2013 HK\$'000
Directors	3,570	3,491	6,378
Non-directors	2,450	2,481	3,739
	<u>6,020</u>	<u>5,972</u>	<u>10,117</u>

Details of the remuneration of the non-director, highest paid employees during the Track Record Period are as follows:

	Year ended 30 June 2011 HK\$'000	Year ended 30 June 2012 HK\$'000	Year ended 30 June 2013 HK\$'000
Salaries, allowances and benefits in kind	2,418	2,446	3,703
Retirement benefit schemes contributions	32	35	36
	<u>2,450</u>	<u>2,481</u>	<u>3,739</u>

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

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
HK\$1,000,001 to HK\$2,000,000	–	–	2
Nil to HK\$1,000,000	3	3	1
	<u>3</u>	<u>3</u>	<u>3</u>

Senior managements of the Company

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

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
HK\$1,000,001 to HK\$2,000,000	–	–	1
Nil to HK\$1,000,000	4	4	4
	<u>4</u>	<u>4</u>	<u>5</u>

During the Track Record Period, bonus of approximately HK\$136,000, HK\$132,000 and HK\$544,000 respectively were paid to the senior managements of the Company. No emoluments were paid by the Group to the senior management as an inducement to join, or upon joining the Group, or as a compensation for loss of office.

During the year, no share options to subscribe for ordinary shares of the Company were granted to the senior managements of the Company under the Company's share option scheme.

11. TAXATION

	Year ended 30 June 2011 <i>HK\$'000</i>	Year ended 30 June 2012 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
Current tax for the year			
– Hong Kong profits tax	5,294	5,976	8,339
	<u>5,294</u>	<u>5,976</u>	<u>8,339</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the Track Record Period.

Singapore corporate tax is calculated at 17% on assessable profit derived from Singapore. During the years ended 30 June 2012 and 2013, the estimated corporate tax liability was approximately HK\$17,000 (For the year ended 30 June 2011: N/A) and the amount was indemnified by the controlling shareholders of the Company, as a result no provision was recognised.

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

No provision for the US federal income tax and branch profits tax has been made as the US subsidiary did not have any assessable profits in the US for the year ended 30 June 2013 (For the years ended 30 June 2012 and 2011: N/A).

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

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

Year ended 30 June 2011

	<i>HK\$'000</i>	%
Profit before tax	31,220	
Tax at the statutory tax rate	5,151	16.5
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(110)	(0.4)
Tax effect of income not taxable for tax purpose	(74)	(0.2)
Tax loss not recognised	327	1.0
Tax charge for the year	<u>5,294</u>	<u>16.9</u>

Year ended 30 June 2012

	<i>HK\$'000</i>	<i>%</i>
Profit before tax	30,864	
Tax at the statutory tax rate	5,093	16.5
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(125)	(0.4)
Tax effect of expenses not deductible for tax purpose	106	0.3
Tax loss not recognised	902	2.9
Tax charge for the year	<u>5,976</u>	<u>19.3</u>

Year ended 30 June 2013

	<i>HK\$'000</i>	<i>%</i>
Profit before tax	34,241	
Tax at the statutory tax rate	5,650	16.5
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(302)	(0.9)
Tax effect of expenses not deductible for tax purpose	1,822	5.3
Tax loss not recognised	1,169	3.5
Tax charge for the year	<u>8,339</u>	<u>24.4</u>

12. DIVIDENDS

	Year ended 30 June 2011 <i>HK\$'000</i>	Year ended 30 June 2012 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
Dividends	<u>36,000</u>	<u>27,000</u>	<u>32,000</u>

During the year ended 30 June 2011, the Group declared HK\$36,000,000 interim dividends and paid a dividend of HK\$39,400,000 to its shareholders. During the year ended 30 June 2012, the Group declared and paid HK\$27,000,000 interim dividends to its shareholders. During the year ended 30 June 2013, the Group declared and paid HK\$32,000,000 interim dividend to its shareholders.

The rate of dividend per share is not presented as it is not indicative of the rate at which future dividends will be declared.

13. EARNINGS PER SHARE

The calculation of basic earnings per share for the Track Record Period is based on the profit attributable to owners of the Company for the Track Record Period and on the assumptions that and the 150,000,000 ordinary shares in issue, comprising 10,000,000 share in issue as at the date of this prospectus and 140,000,000 shares to be issued pursuant to the capitalisation issue as described in the section headed "Share Capital" to the Prospectus, as if the shares were outstanding throughout the entire Track Record Periods.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the Track Record Period.

14. GOODWILL

	<i>HK\$'000</i>
Cost	
As at 1 July 2010	–
Acquisition of a subsidiary	322
	322
As at 30 June 2011, 1 July 2011, 30 June 2012, 1 July 2012 and 30 June 2013	322
Impairment	
As at 1 July 2010, 30 June 2011, 1 July 2011, 30 June 2012 and 1 July 2012	–
Provision for the year	322
	322
As at 30 June 2013	322
Carrying amounts	
As at 30 June 2013	–
	–
As at 30 June 2012	322
	322
As at 30 June 2011	322
	322

Impairment testing on goodwill

The recoverable amount of cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a three-year period, and a discount rate for the years ended 30 June 2011 and 2012 of 18.83% and 18.66% respectively. Cash flow projections during the budget period are based on the same expected gross margins throughout the budget period. Cash flows beyond that three-year period have been extrapolated using 3.41% per annum growth rate which does not exceed the long-term average growth rate for the market.

During the year ended 30 June 2013, the Group was decided to deregister Ningbo Tianyi and is arranging for the application and other relevant documentation. The directors revised the cashflow projections and expected no cashflow will be generated from Ningbo Tianyi. Impairment loss on goodwill of approximately HK\$322,000 was recognised in the combined statements of comprehensive income.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
As at 1 July 2010	–	–	–	–
Additions	1,060	207	530	1,797
Acquisition of a subsidiary	27	–	54	81
Exchange realignment	2	–	3	5
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2011 and 1 July 2011	1,089	207	587	1,883
Additions	24	133	50	207
Exchange realignment	1	–	1	2
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2012 and 1 July 2012	1,114	340	638	2,092
Additions	–	1,162	543	1,705
Exchange realignment	–	1	1	2
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2013	1,114	1,503	1,182	3,799
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
As at 1 July 2010	–	–	–	–
Charge for the year	288	41	87	416
Exchange realignment	1	–	–	1
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2011 and 1 July 2011	289	41	87	417
Charge for the year	370	82	131	583
Exchange realignment	1	–	–	1
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2012 and 1 July 2012	660	123	218	1,001
Charge for the year	372	319	221	912
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2013	1,032	442	439	1,913
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amounts				
As at 30 June 2013	82	1,061	743	1,886
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 30 June 2012	454	217	420	1,091
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 30 June 2011	800	166	500	1,466
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2011 <i>HK\$'000</i>	As at 30 June 2012 <i>HK\$'000</i>	As at 30 June 2013 <i>HK\$'000</i>
Prepayments	39,766	54,776	29,735
Deposits	352	347	3,028
Other receivables	2,160	5,261	1,535
	<u>42,278</u>	<u>60,384</u>	<u>34,298</u>

Note:

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

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

On 10 December 2011, the Company had extended the Qualifying Period of the gratuity payment to 20 December 2013 with the same terms applies.

17. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

	As at 30 June 2011 <i>HK\$'000</i>	As at 30 June 2012 <i>HK\$'000</i>	As at 30 June 2013 <i>HK\$'000</i>
Business Good	–	12	13
	<u>–</u>	<u>12</u>	<u>13</u>

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

The maximum outstanding balances for the years ended 30 June 2012 and 2013 were approximately HK\$12,000 and HK\$13,000 respectively.

18. AMOUNTS DUE FROM DIRECTORS

Name of directors	As at 30 June 2011 <i>HK\$'000</i>	As at 30 June 2012 <i>HK\$'000</i>	As at 30 June 2013 <i>HK\$'000</i>
Mr. Lee	45,868	55,902	21,824
Mr. Si	380	991	–
	<u>46,248</u>	<u>56,893</u>	<u>21,824</u>

The amounts due from directors were unsecured, interest-free and recoverable on demand.

The maximum amounts due from directors outstanding during the Track Record Period were approximately HK\$60,648,000, HK\$63,189,000 and HK\$63,580,000 respectively.

19. CASH AND CASH EQUIVALENTS

As at 30 June 2011, 2012 and 2013, the remittance of cash and cash equivalents denominated in RMB of approximately HK\$3,238,000, HK\$1,356,000 and HK\$307,000 respectively out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

20. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2011 HK\$'000	As at 30 June 2012 HK\$'000	As at 30 June 2013 HK\$'000
Other payables	12,765	986	445
Accruals	210	787	3,463
	<u>12,975</u>	<u>1,773</u>	<u>3,908</u>

21. DEFERRED TAX

As at 30 June 2011, 2012 and 2013, the Group had unused estimated tax losses of approximately HK\$1,296,000, HK\$6,006,000 and HK\$14,069,000 respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

22. CAPITAL AND RESERVES**(a) Share capital****The Group**

For the purpose of this report, share capital in the combined statements of financial position as at 30 June 2011 and 2012 represented the aggregate amount of issued share capital of the companies now comprising the Group.

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

The Company

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

(b) Statutory reserve

In accordance with the Company Law of the PRC, the PRC subsidiaries of the Group is required to allocate 10% of their profit after tax to the statutory reserve until such reserve reaches 50% of the registered capital of the PRC subsidiaries. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory reserve may be converted to increase paid-up capital/issued capital of the PRC subsidiaries, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital. The statutory reserve of the PRC subsidiaries was HK\$Nil as at 30 June 2011, 2012 and 2013.

(c) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currency other than HK\$ which are dealt with in accordance with the accounting policies as set out in Note 3.

(d) Other reserve

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

23. ACQUISITION OF A SUBSIDIARY

Acquisition of 70% of Ningbo Tianyi

On 16 November 2010, the Group acquired 70% of the issued share capital of Ningbo Tianyi at a consideration of approximately HK\$1,628,000 (RMB1,400,000). The amount of goodwill arising as a result of the acquisition was approximately HK\$322,000. The net assets acquired in the transaction and the goodwill arising were as follows:

	Carrying amount and fair value of net assets acquired <i>HK\$'000</i>
Property, plant and equipment	81
Prepayments, deposits and other receivables	729
Cash and cash equivalents	1,056
Accruals and other payables	(1)
	<hr/>
	1,865
Less: Non-controlling interests	(559)
Goodwill	322
	<hr/>
Total consideration	<u>1,628</u>
Satisfied by:	
Cash	<u>1,628</u>
Net cash outflow from acquisition:	
Cash consideration	(1,628)
Cash and cash equivalents acquired	1,056
	<hr/>
	<u>(572)</u>

Ningbo Tianyi contributed HK\$Nil to the Group's revenue and approximately loss of approximately HK\$410,000 to the Group's profit for the period from 17 November 2010 to 30 June 2011.

24. MATERIAL RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel of the Group, including directors' emoluments as detailed in Note 10 above.

	Year ended 30 June 2011 HK\$'000	Year ended 30 June 2012 HK\$'000	Year ended 30 June 2013 HK\$'000
Salaries, allowances and benefits in kind	6,021	6,101	10,775
Retirement benefit schemes contributions	69	72	100
Total compensation paid to key management personnel	<u>6,090</u>	<u>6,173</u>	<u>10,875</u>

25. OPERATING LEASE COMMITMENTS

As at 30 June 2011, 2012 and 2013, the Group had outstanding commitments payable under non-cancellable operating leases in respect of properties rented with lease terms of between 1 to 2 years which fall due as follows:

	As at 30 June 2011 HK\$'000	As at 30 June 2012 HK\$'000	As at 30 June 2013 HK\$'000
Within one year	3,406	9,491	21,430
Over one year	383	14,916	2,653
	<u>3,789</u>	<u>24,407</u>	<u>24,083</u>

26. NON-CASH TRANSACTIONS

During the Track Record Period, interim dividend of HK\$16,000,000, HK\$19,250,000 and HK\$32,000,000 respectively were settled with the amount due from a shareholder, Mr. Lee.

27. FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated in the Cayman Islands on 21 August 2012 with an authorized share capital of HK\$100,000 divided into 1,000,000 shares with par value of HK\$0.10 each.

The Company has not carried on any business since its date of incorporation.

	As at 30 June 2013 HK\$'000
Current liabilities	
Accruals	10
Amount due to a subsidiary	31
	<u>41</u>
Capital and reserves	
Reserves	41
Total equity attributable to owners of the Company	<u>41</u>

III. SUBSEQUENT EVENTS

Save as disclose elsewhere in the Prospectus, the Group's major subsequent events included the followings:

- (a) The companies now comprising the Group underwent and completed the Reorganisation on 3 October 2013 in preparation for the listing of the Shares on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "Reorganisation" to the Prospectus. As a result of the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group.
- (b) Upon listing, listing expenses of approximately HK\$10,200,000 and HK\$8,850,000 would be charged to the consolidated statements of comprehensive income and capitalised in share premium of the Group respectively for the year ending 30 June 2014.
- (c) The authorised share capital of the Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of a further 990,000,000 new shares that was approved by written resolutions passed by the sole shareholder on 18 October 2013.
- (d) The Company has adopted the Share Option Scheme which was approved by written resolutions passed by the sole shareholder on 18 October 2013.
- (e) The Company's independent non-executive directors were all appointed on 18 October 2013.
- (f) Regarding the Vegas Expo originally scheduled to be held in August 2013, the Group decided to postpone the Vegas Expo 2013 to 2014. Subsequent to 30 June 2013, the Group intend to refund the full amount of the participation fee received in advance of approximately HK\$595,000.
- (g) The directors of the Company were authorised to capitalise HK\$1,400,000 by applying that sum in paying up in full at par 140,000,000 shares for allotment.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2013.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai Alex
Practising Certificate Number: P05029

Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on how the proposed listing might have affected the financial position of the Group after the completion of the Share Offer as at 30 June 2013.

The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance and condition of the Group during the Track Record Period or any further date.

The information set forth in this appendix does not form part of the accountants' report prepared by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the accountants' report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted combined net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7, "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" is for illustration purposes only, and is set forth here to illustrate the effect of the Share Offer on our net tangible liabilities as of 30 June 2013 as if it had taken place on 30 June 2013.

The unaudited pro forma statement of adjusted combined net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature it may not give a true picture of our combined net tangible liabilities as of 30 June 2013 or any future date following the share offer. It is prepared as derived from our combined financial statements set forth in the accountants' report in Appendix I, and adjusted as described below. The unaudited pro forma statement of net tangible assets does not form part of the accountants' report as set forth in Appendix I to this prospectus.

	Audited combined net tangible liabilities attributable to owners of our Company as at 30 June 2013	Pro forma adjustment to the Share Offer	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>
Based on an Offer Price of HK\$1.23 per share	(4,089)	31,323	27,234	0.14
Based on an Offer Price of HK\$1.33 per share	(4,089)	36,148	32,059	0.16

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited combined net tangible liabilities attributable to owners of the Company as at 30 June 2013 is based on the combined net liabilities attributable to owners of the Company of approximately HK\$4,089,000 as at 30 June 2013 extracted from the accountants' report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from Share Offer are based on the Offer Shares and the Offer Price of HK\$1.23 or HK\$1.33 per Share, being the low or high end of the stated offer price range, after deduction of the underwriting fee and related expenses payable by the Company and taking no account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 200,000,000 Shares in issue immediately following the completion of the Share offer and the Capitalisation Issue without taking into account any Shares which may be issued upon exercise of the options that may be granted under the Share Option Scheme.

B. LETTERS FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.



31st Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

25 October 2013

The Board of Directors
Mega Expo Holdings Limited

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN INVESTMENT CIRCULAR

TO THE DIRECTORS OF MEGA EXPO HOLDINGS LIMITED

We have completed our assurance engagement to report to the unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of Mega Expo Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the pro forma net tangible assets statement as at 30 June 2013, and related notes as set out on pages II-1 to II-2 of the prospectus (the “**Prospectus**”) dated 25 October 2013 issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Appendix II of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the public offer and the placing (the “**Share Offer**”) on the Group’s financial position as at 30 June 2013 as if the Share Offer had taken place at 30 June 2013. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s financial statements for the year ended 30 June 2013, on which an accountants’ report has been published.

Directors’ Responsibilities for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to AG 7, ‘Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars’ issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420, 'Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus', issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7, 'Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars', issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

OPINION

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai Alex

Practising Certificate Number: P05029

Hong Kong

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

Set out below is a summary of certain provisions of the Memorandum and Articles of our Company and of certain aspects of the Cayman Islands company law.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides that our Company's objects are unrestricted. The objects of our Company are set out in Clause 3 of the Memorandum which is available for inspection at the address and during the period specified in the paragraph headed "B. Documents available for inspection" in Appendix V to this Prospectus. As an exempted company, our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 18 October 2013. The following is a summary of certain provisions of the Articles.

(a) Directors

(i) Power to allot and issue shares

Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether as regards dividend, voting, return of capital or otherwise, as our Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as our Directors may determine) and any preference shares may be issued on terms that they are liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of our Company or at the option of the holder. Our Directors may issue warrants to subscribe for any class of shares or securities of our Company on such terms as they may from time to time determine.

All unissued shares in our Company shall be at the disposal of our Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms they shall in their absolute discretion think fit, but so that no shares shall be issued at a discount.

(ii) Power to dispose of the assets of our Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries although our Directors may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or relevant statutes of the Cayman Islands to be exercised or done by our Company in general meeting.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which our Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and the giving of security for loans to Directors

Where the shares of our Company remain listed on the Stock Exchange or on a stock exchange in such other territory as our Directors may from time to time decide, our Company may not make, without the approval of, or ratification by, our Company in general meeting, any loans to, or provide any guarantee, indemnity or security in respect of any loan to a Director or any of his associates, provided that the Articles do not prohibit the granting of any loan or the provision of any guarantee, indemnity or security (i) to be applied for, or in respect of a liability incurred for any business of our Company, (ii) for the purchase by a Director (or the repayment of a loan for his purchase) of a residence where the amount of the loan, the liability under the guarantee or indemnity or the value of the security does not exceed 80 per cent. of the fair market value of such residence nor 5 per cent. of the consolidated net asset value of our Company as shown in its latest audited accounts; provided that any such loan is on normal commercial terms and is secured by a legal charge over the residence; or, (iii) of any amount to, or in respect of a liability of, a company in which our Company has an equity interest, and the amount of such loan, or the liability assumed by our Company under such guarantee, indemnity or security, does not exceed its proportional interest in such company.

(v) Financial assistance to purchase shares of our Company or its holdings company

There are no provisions in the Articles relating to the giving by our Company of financial assistance for the purchase, subscription or other acquisition of shares of our Company or of its holding company. The law on this area is summarised in paragraph 4(b) below.

(vi) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of an auditor) in conjunction with his office of Director for such period and upon such terms as our Directors may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as our Directors may determine. A Director may be or become a director or other officer of, or be otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. Our Directors may also cause the voting power

conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing our Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company. A Director shall not vote or be counted in the quorum on any resolution of our Directors concerning his own appointment or the appointment of any of his associates as the holder of any office or place of profit with our Company or any other company in which our Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

Subject to the provisions of the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor will any contract with regard thereto or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. If to the knowledge of a Director, he or any of his associates, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company, he must declare the nature of his or, as the case may be, his associate(s)' interest at the meeting of our Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest or that of his associates then exists, or in any other case at the first meeting of our Directors after he knows that he or his associate(s) is or has become so interested.

Save as otherwise provided by the Articles, a Director may not vote (nor be counted in the quorum for the voting) on any resolution of our Directors approving any contract or arrangement in which he or any of his associate(s) is to his knowledge materially interested, and if he does so his vote will not be counted, but this prohibition will not apply to any of the following matters, namely:

- (aa) any contract or arrangement for the giving to our Director or his associate(s) of any security or indemnity in respect of money lent by him or any of them or obligations undertaken by him for the benefit of our Company;
- (bb) any contract or arrangement for the giving by our Company of any security to a third party in respect of a debt or obligation of our Company or any company in which our Company has an interest for which our Director or his associate(s) has himself/themselves guaranteed or secured in whole or in part;

- (cc) any contract or arrangement by a Director or his associate(s) to subscribe for shares or debentures or other securities of our Company to be issued pursuant to any offer or invitation to the members or debenture or other securities holders or to the public which does not provide our Director and his associate(s) any privilege not accorded to any other members or debenture or other securities holders or to the public;
- (dd) any contract or arrangement concerning an offer of the shares, debentures or other securities of or by our Company for subscription or purchase where our Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer and/or for the purposes of making any representations, the giving of any covenants, undertakings or warranties or assuming any other obligations in connection with such offer;
- (ee) any contract or arrangement in which our Director or his associate(s) is/are interested by virtue only of his/their interest in shares or debentures or other securities of our Company and/or his/their being the offeror or one of the offerors or is interested in one of the offerors for the purchase or effective acquisition of such shares, debentures or other securities;
- (ff) any proposal or arrangement for the benefit of employees of our Company or its subsidiaries including a pension fund or retirement, death or disability benefit scheme or personal pension plan under which a Director, his associate(s) and employees of our Company or of any of its subsidiaries may benefit and which has been approved by or is subject to and conditional on approval by the relevant tax authorities for taxation purposes or relates to Directors, associate(s) of Directors and employees of our Company or any of its subsidiaries and does not give our Director or his associate(s) any privilege not accorded to the relevant class of officers of which our Director is a member and to whom such scheme or fund relates;
- (gg) any proposal concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by our Company to, or for the benefit of, the employees of our Company or its subsidiaries under which our Director or his associate(s) may benefit; and
- (hh) any contract, agreement, transaction or proposal concerning the purchase and/ or maintenance of any insurance policy for the benefit of any Director, his associate(s), officer or employee pursuant to the Articles.

(vii) Remuneration

Our Directors shall be entitled to receive by way of ordinary remuneration for their services such sum as is from time to time determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst our Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in our Company except in the case of sums paid in respect of Directors' fees. Our Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from Directors' meetings, committee meetings or general meetings, or otherwise incurred whilst engaged on the business of our Company or in the discharge of their duties as Directors.

Our Directors may grant special remuneration to any Director who performs any special or extra services to or at the request of our Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be arranged. Notwithstanding the foregoing the remuneration of the managing director, joint managing director, deputy managing director or an executive Director or a Director appointed to any other office in the management of our Company may be fixed from time to time by our Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as our Directors may from time to time decide. Such remuneration is in addition to his ordinary remuneration as a Director.

Our Directors also have power to establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, or to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of our Company, or of any company which is a subsidiary of our Company, or is allied or associated with our Company or with any such subsidiary company, or who are or were at any time directors or officers of our Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in our Company or such other company, and the spouses, widows, widowers, families and dependants of any such persons and may make payments for or towards the insurance of any such persons. Any Director holding any such employment or office is entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

(viii) Retirement, appointment and removal

At each annual general meeting, one third of our Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Our Directors to retire in every year will be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

A Director is not required to retire upon reaching any particular age.

Our Directors are entitled to attend and speak at all general meetings.

The number of Directors shall not be fewer than one. A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and our Company). Subject to the statutes and the provisions of the Articles, our Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. In addition, our Directors may appoint any person to be a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the members in general meeting. Any Director so appointed shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election at the meeting.

Our Directors may from time to time entrust to and confer upon the chairman, deputy chairman, managing director, joint managing director, deputy managing director or executive director of our Company all or any of the powers of our Directors that they may think fit, provided that the exercise of all powers by such Director shall be subject to such regulations and restrictions as our Directors may from time to time make and impose. Our Directors may delegate any of their powers to committees consisting of such member or members of their body and such other persons as they think fit, and they may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by our Directors.

(ix) Borrowing powers

Our Directors may from time to time at their discretion exercise all the powers of our Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of our Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. Our Directors may raise or secure the payment or repayment of

such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular, but subject to the provisions of the Companies Law, by the issue of debentures, debenture stock, bonds or other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

Note: The provisions summarised above, in common with the Articles in general, may be varied with the sanction of a special resolution of our Company.

(x) *Qualification shares*

Directors of our Company are not required under the Articles to hold any qualification shares.

(xi) *Indemnity to Directors*

The Articles contain provisions that provide indemnity to, among other persons, our Directors from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

(b) Alterations to constitutive documents

The memorandum of association of our Company may be altered by our Company in general meeting. The Articles may also be amended by our Company in general meeting. As more fully described in paragraph 3 below, the Articles provide that, subject to certain exceptions, a special resolution is required to alter the memorandum of association, to approve any alteration to the Articles and to change the name of our Company.

(c) Alterations of capital

Our Company may from time to time by ordinary resolution:

- (i) increase its share capital;
- (ii) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; on any consolidation of fully paid shares into shares of larger amount, our Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may, as between the holders of the shares to be consolidated, determine which particular shares are to be consolidated into a consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by our Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof

and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to our Company for our Company's benefit;

- (iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- (iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;
- (v) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of association, subject nevertheless to the Companies Law, and so that the resolution whereby any shares are sub divided may determine that, as between the holders of the shares resulting from such sub division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares;
- (vi) change the currency of denomination of its share capital; and
- (vii) make provision for the issue and allotment of shares which do not carry any voting rights.

Our Company may by special resolution reduce its issued share capital, any capital redemption reserve fund or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law. Our Company may apply its share premium account in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

If at any time the capital is divided into different classes of shares, all or any of the special rights (unless otherwise provided for by the terms of issue of that class) attached to any class may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, save as to the provisions regarding the quorum of meetings, as to which see paragraph 2(s) below.

(e) Special resolutions - majority required

For so long as any part of the issued capital of our Company remains listed on the Stock Exchange, a special resolution of our Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives, or by proxy, at a general meeting of which not less than 21 days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, at all times while any part of the issued capital of our Company remains listed on the Stock Exchange, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, (or, in the case of an annual general meeting, by all members) a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 days' notice has been given.

(f) Voting rights and right to demand a poll

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote and on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every share of which he is the holder which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a share in advance of calls or instalments is treated for the foregoing purposes as paid on the share). So long as the shares are listed on the Stock Exchange, where any member is, under the Listing Rules (as defined in the Articles), required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member (whether by way of proxy or, as the case may be, corporate representative) in contravention of such requirement or restriction shall not be counted. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a shareholder which is a clearing house (as defined in the Articles) (or its nominees), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all his votes in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

Where a shareholder is a clearing house (as defined in the Articles) or a nominee of a clearing house, it may authorise such persons as it thinks fit to act as its representatives at any meeting of our Company or at any meeting of any class of shareholders provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of the Articles shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of our Company held by the clearing house (or its nominees) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

(g) Requirements for annual general meetings

For so long as any part of the issued capital of our Company remains listed on the Stock Exchange, an annual general meeting must be held once in every year and within not more than 15 months after the last preceding annual general meeting or such longer period as is permissible or not prohibited under the rules of the Stock Exchange on which any securities of our Company are listed with the permission of our Company.

(h) Accounts and audit

Our Directors shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipts and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by law or are necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The books of accounts are to be kept at the principal office of our Company or at such other place as our Directors think fit and shall always be open to the inspection of our Directors. No member (not being a Director) or other person has any right to inspect any account or book or document of our Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by our Directors or by our Company in general meeting.

Our Directors shall from time to time cause to be prepared and laid before our Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports and so long as any shares in our Company are listed on the Stock Exchange, the accounts of our Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong or the International Financial Reporting Standards or such other standards as the Stock Exchange may permit. Every balance sheet of our Company shall be signed on behalf of our Directors by two Directors and a copy of every balance sheet (including every document required by law to be comprised therein or attached or annexed thereto) and profit and loss account which is to be laid before our Company at its annual general meeting, together with a copy of our Directors' report and a copy of the auditors' report, shall not less than 21 days before the date of the meeting, be sent to every member of, and every holder of debentures of, our Company and every other person entitled to receive notices of general meetings of our Company under the Companies Law or of the Articles. Subject to due compliance with the Companies Law and the

rules of the Stock Exchange, and to obtaining all necessary consents, if any, required thereunder and such consents being in full force and effect, such requirements shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Companies Law and instead of such copies, a summary financial statement derived from our Company's annual financial statements and the directors' report thereon, which shall be in the form and containing the information required by applicable laws and regulation, provided that any person who is otherwise entitled to the annual financial statements of our Company and the directors' report thereon may, if he so requires by notice in writing served on our Company, demand that our Company sends to him, in addition to a summary financial statement, a complete printed copy of our Company's annual financial statement and the directors' report thereon. If all or any of the shares or debentures of our Company are for the time being (with the consent of our Company) listed or dealt in on any stock exchange, there shall be forwarded to such stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

Auditors shall be appointed and their duties regulated in accordance with the Articles. Save as otherwise provided by such provisions the remuneration of the auditors shall be fixed by or on the authority of our Company at each annual general meeting, but in respect of any particular year, our Company in general meeting may delegate the fixing of such remuneration to our Directors.

(i) Notices of meetings and business to be conducted thereat

For so long as any part of the issued capital of our Company remains listed on the Stock Exchange, an annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by giving at least 21 days' notice in writing and any other extraordinary general meeting shall be called by giving at least 14 days' notice in writing (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice must specify the place, the day and the hour of meeting and, in the case of special business, the general nature of that business.

(j) Transfer of shares

All transfers of shares must be effected by transfer in writing in the usual or common form or so long as any shares in our Company are listed on the Stock Exchange, such standard form prescribed by the Stock Exchange or in any other form acceptable to our Board and may be under hand only or, if the transferor or transferee is a clearing house or its nominee(s), by hand, by machine imprinted signature or by such other means of execution as our Directors may approve from time to time; and an instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof, provided that our Directors may in their absolute discretion dispense with the requirement for the production of a transfer in writing before registering a transfer of a share, and may accept mechanically executed transfers in any case.

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Our Directors may, in their absolute discretion, at any time and from time to time transfer or agree to transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless our Directors otherwise agree, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other register. All transfers and other documents of title must be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the transfer office for that register.

Our Directors may in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of any shares (not being fully paid shares) to a person of whom they do not approve and they may refuse to register the transfer of any shares (not being fully paid shares) on which our Company has a lien. Our Directors may also refuse to register a transfer of shares (whether fully paid or not) in favour of more than four persons jointly or any share issued under any share option scheme for employees upon which a restriction on transfer imposed thereby shall subsist, or where the transfer is to an infant or a person of unsound mind or under other legal disability. If our Directors refuse to register a transfer, they must within two months after the date on which the transfer was lodged with our Company send to the transferor and transferee notice of the refusal and (if the shares concerned are fully paid shares) the reasons(s) for such refusal.

Our Directors may, if applicable, decline to recognise an instrument of transfer unless the instrument of transfer is properly stamped, is in respect of only one class of share and is lodged at the relevant registration or transfer office accompanied by the relevant share certificate(s) and such other evidence as they may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may, on giving notice by advertisement in one English and one Chinese newspaper circulating in Hong Kong, be suspended at such times and for such periods as our Directors may from time to time determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

(k) Power for our Company to purchase its own shares

The Articles provide that the power of our Company to purchase or otherwise acquire its shares is exercisable by our Directors upon such terms and conditions as they think fit subject to the conditions prescribed by the Companies Law.

(l) Power of any subsidiary to own securities in our Company

There are no provisions in the Articles relating to ownership of securities in our Company by a subsidiary.

(m) Dividends and other methods of distribution

Our Company in general meeting may declare dividends in any currency but no dividend may exceed the amount recommended by our Directors. Our Company may also make a distribution out of share premium account subject to the provisions of the Companies Law.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends will be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls will for this purpose be treated as paid on the shares. Our Directors may retain any dividends or other moneys payable on or in respect of a share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Our Directors may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

Whenever our Directors or our Company in general meeting have resolved that a dividend be paid or declared on the share capital of our Company, our Directors may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid in lieu of the whole or such part of the dividend as our Directors may think fit.

Our Company may also upon the recommendation of our Directors by an ordinary resolution resolve in respect of any particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Whenever our Directors or our Company in general meeting have resolved that a dividend be paid or declared our Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared may be invested or otherwise made use of by our Directors for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions or proceeds as aforesaid unclaimed for six years after having been declared may be forfeited by our Directors and, upon such forfeiture, shall revert to our Company and, in the case where any of the same are securities in our Company, may be re-allotted or re-issued for such consideration as our Directors think fit.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company or a meeting of the holders of any class of shares in our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him to vote on his behalf at a general meeting of our Company or at a class meeting. At any general meeting, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy. Proxies need not be members of our Company.

A proxy shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member.

(o) Corporate representatives

A corporate member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint any person or persons as its representative to attend and vote on its behalf. A corporate member represented by its representative is deemed to be present in person at the relevant meeting and its representative may vote on a show of hands and on a poll on any resolution put at such meeting.

(p) Calls on shares and forfeiture of shares

Our Directors may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent. per annum as our Directors shall fix from the day appointed for the payment thereof to the time of actual payment, but our Directors may waive payment of such interest wholly or in part. Our Directors may, if they think fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20 per cent. per annum as our Directors may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, our Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by

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the notice is to be made, and it will also name the place where payment is to be made. The notice shall also state that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of our Directors to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all moneys which, at the date of forfeiture, were payable by him to our Company in respect of the shares together with (if our Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent. per annum as our Board may prescribe.

(q) Inspection of register of members

For so long as any part of the share capital is listed on the Stock Exchange, any member may inspect the principal or branch register of our Company maintained in Hong Kong without charge and require the provision to him of copies or extracts thereof in all respect as if our Company were incorporated under and is subject to the Companies Ordinance (Cap. 32 of the Laws of Hong Kong).

(r) Inspection of register of Directors

There are no provisions in the Articles relating to the inspection of the register of Directors and Officers of our Company, since the register is not open to inspection (as to which see paragraph 4(k) below).

(s) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person and entitled to vote (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the modification of class rights, the necessary quorum shall not be less than two persons holding or representing by proxy one third in nominal value of the issued shares of that class and, where such meeting is adjourned for want of quorum, the quorum for the adjourned meeting shall be any two members present in person and entitled to vote or by proxy (whatever the number of shares held by them).

(t) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority members in relation to fraud or oppression. However, certain remedies are available to members of our Company under Cayman Islands company law as summarised in paragraph 4(e) below.

(u) Procedures on liquidation

A resolution for a court or voluntary winding up of our Company must be passed by way of a special resolution.

If our Company shall be wound up, the surplus assets remaining after payment to all creditors are to be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they are to be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively, all subject to the rights of any shares issued on special terms and conditions.

If our Company shall be wound up (whether the liquidation is voluntary or by the court), the liquidator may, with the sanction of a special resolution, divide among the members in specie or kind the whole or any part of the assets of our Company and whether the assets consist of property of one kind or properties of different kinds and the liquidator may, for such purposes, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division is to be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other assets upon which there is a liability.

(v) Untraceable members

Our Company may sell the shares of any member if: (i) dividends or other distributions have been declared by our Company on at least three occasions during a period of 12 years and these dividends or distributions have been unclaimed on such shares; (ii) our Company has published an advertisement of its intention to sell such shares in English and in Chinese in one leading English and (unless unavailable) one leading Chinese newspaper circulating in the territory of the stock exchange on which the ordinary share capital of our Company is listed and a period of three months has elapsed since the date of the first publication of such notice; (iii) our Company has not at any time during the said periods of 12 years and three months received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operations of law; and (iv) our Company has notified the stock exchange on which the ordinary share capital of our Company is listed of its intention to sell such shares. The net proceeds of any such sale will belong to our Company and upon the receipt of such net proceeds by our Company, our Company will become indebted to the former holder of such shares for an amount equal to the amount of such net proceeds.

(w) Stock

Our Company may by ordinary resolution convert any fully paid shares into stock, and may from time to time by like resolution reconvert any stock into fully paid shares of any denominations. The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit, but our Directors may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or prohibit the transfer of fractions of that minimum, but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. No warrants to bearer shall be issued in respect of any stock. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding up, voting at meetings, and other matters, as if they held the shares from which the stock arose, but no such privilege of our Company shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage. All such of the provisions of the Articles as are applicable to paid up shares shall apply to stock, and the words “share” and “shareholder” and “member” therein shall include “stock” and “stockholder”.

(x) Other provisions

The Articles provide that, to the extent that it is not prohibited by and is in compliance with the Companies Law, if any rights attaching to any warrants which our Company may issue after the date of this prospectus shall remain exercisable and our Company does any act which would result in the subscription price under such warrants being reduced below the par value of a Share, a subscription right reserve shall be established and applied in paying up the shortfall between the subscription price and the par value of a Share on any exercise of the warrants.

3. VARIATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION

Subject to the rights of our Company set out in paragraph 2(c) above to amend its capital by ordinary resolution, the memorandum of association of our Company may be altered by our Company by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the memorandum of association (subject as provided above) or the Articles or to change the name of our Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of our Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days’ notice specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of 21 clear days’ notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

(b) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands against the provision of financial assistance for the purchase, subscription or other acquisition of its shares, though on English common law principles, the directors have a duty to act in good faith for a proper purpose in the best interests of the company, and moreover, there are restrictions on any act which amounts to a reduction of capital. Accordingly, it may, depending on the circumstances be legitimate for the directors to authorise the provision by a company of financial assistance for the purchase, subscription or other acquisition of its own shares, or the shares of its holding company.

(c) Redemption and purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its articles of associations issue redeemable shares and, purchase its own shares, including any redeemable shares. Purchases and redemptions may only be effected out of the profits of the company or out of the proceeds of a fresh issue of shares made for the purpose, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of profits of the company or out of the company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any purchase by a company of its own shares may be authorised by its directors or otherwise by or in accordance with the provisions of its articles. A payment out of capital for a redemption or purchase of a company's own shares is not lawful unless immediately following the date of the proposed payment the company is able to pay its debts as they fall due in the ordinary course of business. The shares so purchased or redeemed will be treated as cancelled and the company's issued, but not its authorised, capital will be diminished accordingly.

A company is not prohibited from purchasing and may purchase its own subscription warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. A company, whether a subsidiary or a holding company, may only purchase its own shares for cancellation if it is authorised to do so in its articles of association.

(d) Dividends and distributions

A company may not pay a dividend, or make a distribution out of share premium account unless immediately following the date on which the payment is proposed to be made, the company is able to pay its debts as they fall due in the ordinary course of business.

(e) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of a company to challenge (a) an act which is ultra vires the company or illegal (b) an act which constitutes a fraud against the minority and the wrong doers are themselves in control of the company, or (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of company (not being a bank) having a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the court shall direct.

Any shareholder of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company shall be wound up.

Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the memorandum and articles of association of the company.

(f) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary is required, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(g) Accounting and auditing requirements

The Companies Law requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company. A company is required to keep such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(h) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

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(i) Taxation

There are no income, corporation, capital gains or other taxes in effect in the Cayman Islands on the basis of the present legislation. As an exempted company, our Company has received from the Governor-in-Counsel of the Cayman Islands pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, an undertaking that in the event of any change to the foregoing, our Company, for a period of 20 years from the date of the grant of the undertaking, will not be chargeable to tax in the Cayman Islands on its income or its capital gains arising in the Caymans Islands or elsewhere and that dividends of our Company will be payable without deductions of Cayman Islands tax. No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Shares.

(j) Stamp duty

Certain documents (which do not include contract, notes for the sale and purchase of, or instruments of transfer of, shares in Cayman Islands companies) are subject to stamp duty which is generally calculated on an ad valorem basis.

(k) Inspection of corporate records

Neither the members of a company nor the general public have the right to inspect the register of directors and officers, the minutes, accounts or, in the case of any exempted company, the register of members. The register of mortgages and charges must be kept at the registered office of the company and must be open to inspection by any creditor or member at all reasonable times.

Members of the public have no right to inspect the constitutive documents of a company but the memorandum and articles of association must be forwarded to any member of the company upon request. If no articles of association have been registered with the Registrar of Companies, each member has the right to receive copies of special resolutions of members upon request upon payment of a nominal fee.

The location of the registered office of a company is available to the general public upon request to the Registrar of Companies.

(l) Winding up

A company may be wound up by the Cayman Islands court on application presented by the company itself, its creditors or its contributors. The Cayman Islands court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Cayman Islands court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum of association expires, or the event occurs on the occurrence of

which the memorandum of association provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where a resolution has been passed for the voluntary winding up of a company, the court may make an order that the winding up should continue subject to the supervision of the court with such liberty to creditors, contributors or others to apply to the court as the court may think fit.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purposes of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice called by Public Notice in the Cayman Islands or otherwise as the Registrar of Companies may direct.

5. GENERAL

Conyers Dill & Pearman (Cayman) Limited, our Company's legal advisers on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "B. Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdictions with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 21 August 2012 with an authorised share capital of HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each. On 21 August 2012, our Company issued and allotted one nil paid share to Codan Trust Company (Cayman) Limited, which was transferred to Mr. Lee on the same date.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant laws and regulations of the Cayman Islands and our constitution which comprises the Memorandum and the Articles. A summary of the relevant laws and regulations of the Cayman Islands and of our constitution is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

At the date of incorporation of our Company, the authorised share capital of our Company was HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each.

(a) Sub-division of shares

On 3 October 2013, each issued and unissued ordinary share of our Company of HK\$0.10 each was sub-divided into 10 Shares of HK\$0.01 each and following the sub-division of share capital of our Company, the number of shares of our Company was increased from 1,000,000 to 10,000,000.

(b) Increase in authorised share capital

The authorised share capital of our Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of 990,000,000 new Shares pursuant to a resolution passed by our sole Shareholder referred to in paragraph 3 below and subject to the conditions contained therein.

Immediately following the completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), our authorised share capital will be HK\$10,000,000 divided into 1,000,000,000 Shares, of which 200,000,000 Shares will be issued fully paid or credited as fully paid, and 800,000,000 Shares will remain unissued. Other than pursuant to the exercise of the options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this paragraph and in the paragraphs headed “1. Incorporation of our Company”, “3. Resolutions in writing of the sole Shareholder passed on 18 October 2013” and “4. Group reorganisation” of this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

(c) Founder shares

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of the sole Shareholder passed on 18 October 2013

By resolutions in writing of the sole Shareholders passed on 18 October 2013:

- (a) we approved and adopted the Articles;
- (b) the authorised share capital of our Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of 990,000,000 new Shares;
- (c) conditional on (aa) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (bb) the Offer Price having been determined; (cc) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (dd) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
 - (i) the Share Offer was approved and our Directors were authorised to (aa) allot and issue the Offer Shares pursuant to the Share Offer; (bb) implement the Share Offer and the listing of Shares on the Main Board of the Stock Exchange; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
 - (ii) the rules of the Share Option Scheme, a summary of the principal terms of which is set out in the paragraph headed “Other information – 15. Share Option Scheme” of this Appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;
 - (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise HK\$1,400,000 standing to the credit of the share premium account of our Company by applying that sum in paying up in full at par 140,000,000 Shares for allotment and issue to the holder of Shares whose name appear on the register of members of our Company at the close of business on 18 October 2013 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to its then existing shareholding in our Company and so that the Shares be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;

- (iv) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles, or upon the exercise of any options which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; and (bb) the nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by Shareholders revoking or varying the authority given to our Directors, whichever occurs first;
 - (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or other stock exchange on which the securities of our Company may be listed and recognised by the SFC and the Stock Exchange for this purpose, with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and
 - (vi) the extension of the general mandate to allot, issue and deal with Shares pursuant to paragraph (iv) above to include the nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (v) above.
- (c) the form and substance of each of the service agreements made between our executive Directors and our Company, and the form and substance of each of the appointment letters made between each of our independent non-executive Directors with our Company were approved.

4. Group reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the Listing, which involved the following:

- (a) on 19 March 2012, New Heyday was incorporated in the BVI to act as the holding company of Idea Trade. It has an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each, of which one share was allotted and issued at par to each of Mr. Lee and Mr. Cheung on 15 June 2012. The said one share held by and registered in the name of Mr. Cheung in New Heyday was held on trust pursuant to a declaration of trust dated 19 November 2012 in favour of Mr. Lee;
- (b) on 3 April 2012, Business Good was incorporated in the BVI as an investment holding company of Mr. Lee with an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each. On 15 June 2012, Mr. Lee subscribed for and was allotted and issued one share in the share capital of Business Good at par value;
- (c) on 30 May 2012, Expand Trade was incorporated in the BVI for the purpose of acting as the intermediate holding company of our Group with an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each. On 15 June 2012, Business Good subscribed for and was allotted and issued one share in the share capital of Expand Trade at par value;
- (d) on 30 May 2012, Idea Trade was incorporated in the BVI for the purpose of holding certain licences in connection with the trade exhibitions including the licence in relation to the Mega Shows with an authorised share capital of US\$50,000 shares divided into 50,000 shares of US\$1.00 each. On 15 June 2012, New Heyday subscribed for and was allotted and issued one share in the share capital of Idea Trade at par value;
- (e) on 4 July 2012, Mr. Lee transferred one share in the issued share capital of each of Mega Expo Operations, Mega Expo (BVI), Mega Expo (USA) and Mega Expo (Berlin), representing their respective entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing an aggregate of four shares in Business Good to Mr. Lee;
- (f) on 30 July 2012, Mr. Lee transferred one share in the issued share capital of each of Mega Expo (HK) and i-MegAsia, representing their respective entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing an aggregate of two shares in Business Good to Mr. Lee;
- (g) on 8 August 2012, Mr. Lee transferred one share in the issued share capital of Profit Topmark, representing its entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing one share in Business Good to Mr. Lee;

- (h) on 21 August 2012, our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company to act as the ultimate holding company of our Group. The authorised share capital of our Company, on incorporation, was HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each. On 21 August 2012, our Company allotted and issued one nil-paid share to Codan Trust Company (Cayman) Limited, which was transferred to Mr. Lee on the same date;
- (i) on 19 November 2012, Mr. Lee and Mr. Cheung entered into a deed (“**Deed**”), pursuant to which the parties thereto confirmed and agreed that in consideration of Mr. Cheung procuring HKCEC Management, the venue provider of the Mega Shows to enter into the licence agreements for the occupancy of venue for the Mega Shows in 2013 (the “**2013 HKCEC Licence Agreement**”) with Idea Trade; Mr. Lee would procure Business Good to allot and issue 68 shares in Business Good to Mr. Cheung, subject to and upon the terms and conditions in the Deed;
- (j) on 19 November 2012, each of Mr. Lee and Mr. Cheung, (at the request and as trustee on trust for Mr. Lee), transferred one share in the issued share capital of New Heyday, representing its entire issued share capital, to Expand Trade in consideration of and in exchange for Business Good, at the request of Expand Trade, allotting and issuing 924 shares in Business Good to Mr. Lee. On the same day, Business Good allotted and issued 68 shares, credited as fully paid, to Mr. Cheung according to the terms of the Deed;
- (k) on 3 October 2013, each issued and unissued ordinary share of HK\$0.10 each of our Company was sub-divided into 10 Shares of HK\$0.01 each and following the sub-division of share capital, the number of shares of our Company increased from 1,000,000 to 10,000,000; and
- (l) on 3 October 2013, Mr. Lee transferred 10 nil-paid Shares in our Company to Business Good and Business Good transferred the entire issued share capital in Expand Trade to our Company, in exchange for which our Company (a) issued and allotted 9,999,990 Shares to Business Good, credited as fully paid; and (b) credited as fully paid at par the 10 nil-paid Shares which was then registered in the name of Business Good.

5. Changes in share capital of our subsidiaries

Our subsidiaries are listed in the Accountants’ report set out in Appendix I to this prospectus.

Save for the alterations described in paragraph 4 of this appendix, the following alterations in the share capital of our subsidiaries took place within the two years immediately preceding the date of this prospectus:

- (a) Pursuant to an equity transfer agreement dated 31 October 2011, a first supplemental agreement dated 2 August 2012 and a second supplemental agreement dated 7 December 2012 (the “**Agreements**”), Ningbo Partner agreed to transfer its 30% equity interest in Ningbo Tianyi to Mega Expo (HK) at a consideration of RMB600,000 (“**Consideration**”). On 30 June 2013, Mega Expo (HK) and Ningbo Partner entered into a confirmation regarding, among others, that Mega Expo (HK) is not required to pay the Consideration to

Ningbo Partner anymore pursuant to the Agreements, and that all outstanding responsibilities of the parties pursuant to the Agreements shall be terminated;

- (b) Mega Expo (Berlin) was incorporated in the BVI on 8 May 2012 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which one share was issued at par to Mr. Lee on 11 May 2012;
- (c) On 19 September 2012, Mega Expo Travel was incorporated in Hong Kong with an authorised share capital of HK\$2,000,000 divided into 2,000,000 shares of HK\$1.00 each, of which 500,000 shares were allotted and issued to Expand Trade at par upon incorporation; and
- (d) Mega Expo (U.S.A.) Inc. was incorporated in the US on 12 April 2013 and is authorised to issue 100 shares with a par value of US\$0.001 each. On 6 May 2013, 100 shares of Mega Expo (U.S.A.) Inc. were issued and allotted to Mega Expo (USA) for US\$100.

6. Further information about our Group's PRC subsidiaries

Our Group has interest in the registered capital of two enterprises in the PRC. A summary of the corporate information of these enterprises are set out as follows:

(a) *Shenzhen Hengjian*

- (i) Name of the enterprise: 深圳恒建展覽策劃有限公司 (Shenzhen Hengjian Exhibition Planning Limited*)
- (ii) Economic nature: Wholly foreign-owned enterprise (limited liability company)
- (iii) Registered owner: Mega Expo (HK)
- (iv) Total investment: US\$300,000
- (v) Registered capital: US\$300,000
- (vi) Attributable interest to our Group: 100%
- (vii) Term of operation: From 30 November 2010 to 30 November 2025
- (viii) Scope of business: Engaging in exhibition display design, sales and marketing planning and provide related information consultation (restricted items not included) (for the aforesaid scope where permit management or relevant qualification is required to be obtained before operation; to act in accordance with the relevant provisions)

(b) Ningbo Tianyi

- (i) Name of the enterprise: 寧波天一甬港國際展覽有限公司 (Ningbo Tianyi Yonggang International Exhibition Limited*)
- (ii) Economic nature: Foreign-invested enterprise (limited liability company)
- (iii) Registered owner: Mega Expo (HK) (as to 70% of the registered capital)
Ningbo Partner (as to 30% of the registered capital)
- (iv) Total investment: RMB2,000,000
- (v) Registered capital: RMB2,000,000
- (vi) Attributable interest to our Group: 70% (Note)
- (vii) Term of operation: From 8 September 2009 to 7 September 2029
- (viii) Scope of business: Hosting and organising all kinds of economic and technical exhibitions and conference in the PRC; and holding of conference and providing consultation and management services in relation to the aforesaid business overseas

Note:

Prior to the Reorganisation, Mega Expo (HK) entered into an equity transfer agreement and supplemental agreements with Ningbo Partner to acquire its 30% equity interest in Ningbo Tianyi. As at the Latest Practicable Date, it is in the process of arranging for voluntary deregistration. For further details, please refer to the section headed "History and development" in this prospectus.

For subsidiaries of our Group in other jurisdictions, please refer to Note 2 to the Accountants' report as set out in Appendix I to this prospectus.

7. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholder, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by the sole Shareholder on 18 October 2013, the Repurchase Mandate was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(b) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands laws, any repurchases by us may be made out of our profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of our profits or from sums standing to the credit of our share premium account or, if authorised by the Articles and subject to the Companies Law, out of capital.

(c) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) *Funding of repurchases*

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(e) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

8. Registration under Part XI of the Companies Ordinance

Our Company has established our head office and a principal place of business in Hong Kong at 23/F, Exchange Tower, No. 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong. Our Company was registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 14 December 2012. Mr. Si Tze Fung of Room 2, 24/F, Block D, Garden Vista, 15-17 On King Street, Shatin, New Territories, Hong Kong, being our executive Director, has been appointed as authorized representative of our Company for the acceptance of service of process and notices on us in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

9. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a share purchase agreement dated 3 October 2013 and entered into by Business Good as both the vendor and warrantor, Mr. Lee as warrantor and our Company as purchaser, pursuant to which Business Good transferred the entire issued share capital in Expand Trade to our Company, in exchange for which our Company, (a) issued and allotted 9,999,990 Shares to Business Good, credited as fully paid; and (b) credited as fully paid at par the 10 nil-paid Shares which were then registered in the name of Business Good;
- (b) a deed of indemnity dated 18 October 2013 and executed by Business Good and Mr. Lee in favor of our Company (for ourselves and as trustee for our subsidiaries stated therein) containing the indemnities more particularly referred to in the paragraph headed “Other information – 16. Estate duty, tax and other indemnity” of this Appendix; and
- (c) the Public Offer Underwriting Agreement.

10. Intellectual property rights of our Group

(a) *Registered Trademark*

As at the Latest Practicable Date, our Group is the registered owner of the following trademark, which is material in relation to our business operation:

Trademark	Applicant	Place of registration	Class	Registration number	Duration of validity
	Expand Trade	Hong Kong	35 and 39 (Note)	302516760	5 February 2013 to 4 February 2023

Note:

Services covered under class 35 include organisation, arranging and conducting of exhibitions or trade fairs for commercial or advertising purpose; organisation of shows or events for promotional purposes; sales promotion for others; rental of advertising space; advertising and marketing services; dissemination of advertising and promotional matter; publishing publicity texts; demonstration of goods; distribution of samples; rental of office machines and equipment; business management and administration; business appraisals; business information services; commercial information agencies; professional business consultancy; compilation of information into computer base; market research and studies; opinion polling; public relations; consultancy, information and advisory services relating to the foregoing.

Services covered under class 39 include travel agency services for arranging travel and travel reservation services; travel and accommodation arrangement services; tour operating and organising; information services relating to travel; arranging transport of travellers; escorting of travellers by land, air and sea.

(b) Domain names

As at the Latest Practicable Date, our Group is the registered holder of the following domain names which are material in relation to our business operation:

No.	Domain name	Registered Holder	Registration date	Expiry date
1.	mega-show.com	Mega Expo (HK)	1 September 2005	1 September 2016
2.	asiaapparelexpo.com	Mega Expo (HK)	14 April 2011	14 April 2014
3.	asiaexposingapore.com	Mega Expo (HK)	13 April 2011	13 April 2014
4.	mega-expo.com	Mega Expo (HK)	6 July 2012	6 July 2014
5.	megaexpohk.com	Mega Expo (HK)	6 July 2012	6 July 2014
6.	singaporeasiaexpo.com	Mega Expo (HK)	24 February 2011	24 February 2014
7.	asiaexpolasvegas.com	Mega Expo (HK)	13 July 2011	13 July 2014

11. Related party transactions

Save as disclosed in Note 24 to the Accountants' report in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, we have not engaged in any other material related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS**12. Directors***(a) Disclosure of interests of Directors*

- (i) Save for Mr. Lee (as shareholder and director of Business Good) and Mr. Si (as director of Business Good), none of our Directors is interested in the Reorganisation.
- (ii) Save as disclosed in this prospectus, none of our Directors or their associates was engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) *Particulars of Directors' service contracts*

Executive Directors

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from 18 October 2013 until terminated by not less than three months' notice in writing served by either party. After the expiry of the current term, our executive Director may continue to be appointed by our Company, subject to terms and conditions to be agreed between the parties.

Each of our executive Directors is entitled to a basic salary as set out below. Subject to such increase as the Board (or, if the relevant authority has been so delegated, the Remuneration Committee) may, subject to compliance with the provisions of the Articles for the time being in force, determine from time to time in its absolute discretion. The amount of the salary will not be increased for periods prior to 31 December 2013 but will be reviewed by our Company in or around December each year during the term. In addition, each of the executive Directors is also entitled to a discretionary management bonus in respect of each financial year of our Company during the term in an amount to be determined by our Board (or if the relevant authority has been so delegated, the Remuneration Committee) in its absolute discretion. An executive Director may not vote on any resolution of our Directors regarding the amount of the management bonus payable to him. The current basic annual salaries of our executive Directors are as follows:

Name	Annual salary <i>HK\$</i>
Mr. Lee	5,400,000
Mr. Si Tze Fung	1,800,000

Independent non-executive Directors

Each of our independent non-executive Directors has been appointed for an initial term of two years commencing from 18 October 2013 renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either our independent non-executive Director or our Company expiring at the end of the initial term or at any time thereafter. Each of our independent non-executive Directors is entitled to a director's fee of HK\$300,000 per annum. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as disclosed aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Remuneration of Directors

- (i) The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the financial year ended 30 June 2013 were approximately HK\$6.4 million.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Directors) for the year ending 30 June 2014 are expected to be approximately HK\$7.6 million.
- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 30 June 2013 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 30 June 2013.

(d) Interests and short positions of our Directors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Share Offer

Immediately following completion of the Share Offer and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the interests or short positions of our Directors in our Shares, underlying Shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. Lee	Our Company	Interests of controlled corporation <i>(Note 2)</i>	140,000,000 Shares (L)	70%
Mr. Lee	Business Good	Beneficial owner	932 shares (L)	93.2%

Notes:

1. The letter “L” denotes our Directors’ long position in the shares of our Company or the relevant associated corporation.
2. These Shares were held by Business Good, which was owned as to 93.2% by Mr. Lee and 6.8% by Mr. Cheng.

13. Interest discloseable under the SFO and Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue (but without taking into account of any Shares which may be taken up under the Share Offer and any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), other than a Director or chief executive of our Company whose interests are disclosed under the paragraph headed “12. Directors – (d) Interests and short positions of our Directors in our Shares, underlying Shares or debentures of our Company and our associated corporations following the Share Offer” above, the following persons will have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and who will be expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of members of our Group other than our Company:

(a) Interest in the Shares

Name of Shareholder	Capacity/nature of interest	Number and class of securities (Note)	Approximate percentage of shareholding
Business Good	Beneficial owner	140,000,000 Shares (L)	70%

Note: The letter “L” denotes the corporation’s long position in our Shares.

(b) Interest in the share capital of members of our Group other than our Company

Name	Relevant company	Nature of interest	Approximate percentage of shareholding (%)
Ningbo Partner	Ningbo Tianyi	Beneficial owner (Note)	30

Note: Prior to the Reorganisation, Mega Expo (HK) entered into an equity transfer agreement and supplemental agreements with Ningbo Partner to acquire its 30% equity interest in Ningbo Tianyi. For further details, please refer to the section headed “History and development – Our corporate history – Ningbo Tianyi” in this prospectus.

14. Disclaimers

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Share Offer and any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Share Offer and the Capitalisation Issue, have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group;
- (b) none of our Directors has any interest or short position in any of our Shares, underlying Shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed on the Stock Exchange;
- (c) none of our Directors nor any of the parties listed in paragraph 22 of this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for the Offer Shares either in his/her own name or in the name of a nominee;
- (d) none of our Directors nor any of the parties listed in paragraph 22 of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of us; and
- (e) save in connection with the Underwriting Agreements, none of the parties listed in paragraph 22 of this Appendix:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

OTHER INFORMATION

15. Share Option Scheme

(a) Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by the sole Shareholder on 18 October 2013:

(i) Purposes of the scheme

The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable us to reward the employees, our Directors and other selected participants for their contributions to us. Given that our Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to our development so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(ii) Who may join and basis of eligibility

Our Directors (which expression shall, for the purpose of this paragraph 15, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity (the “**Invested Entity**”) in which our Group holds an equity interest;
- (bb) any non-executive directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of our Group or any Invested Entity;
- (dd) any customer of our Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to our Group or any member of any Invested Entity;

- (ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of our Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of our Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who fall within any of the above classes of participants shall not, by itself, unless our Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' option as to his contribution to the development and growth of our Group.

(iii) *Maximum number of Shares*

- (aa) The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 30% of the issued share capital of our Company from time to time.
- (bb) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Main Board (the "**General Scheme Limit**").
- (cc) Subject to (aa) above but without prejudice to (dd) below, our Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will

not be counted. The circular sent by our Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2) (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

- (dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2) (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being (the "**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of our Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) *Grant of options to connected persons*

- (aa) Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of our Company or any of their respective associates (as defined under the Listing Rules) must be approved by independent non-executive Directors of our Company (excluding independent non-executive Director who is the grantee of the options).
- (bb) Where any grant of options to a substantial shareholder or an independent non-executive director of our Company or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders in general meeting. Our Company must send a circular to the Shareholders. All connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of our Company or any of their respective associates must be approved by the Shareholders in general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless our Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription price for Shares and consideration for the option

The subscription price for Shares under the Share Option Scheme will be a price determined by our Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(ix) *Ranking of Shares*

- (aa) Shares allotted upon the exercise of an option will be subject to all the provisions of the Articles and will rank pari passu in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.
- (bb) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or reduction of the share capital of our Company from time to time.

(x) *Restrictions on the time of grant of options*

Our Company may not grant any options after inside information has come to our knowledge until we have announced the information. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of our Directors for the approval of our Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the last date on which our Company must publish an announcement of its results for any year, half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no option may be granted.

Our Directors may not grant any option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in subparagraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive director but not any non-executive director) of our Company, any of our subsidiaries or any Invested Entity.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If our Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of

our Group by reason of the cessation of its relations with our Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option scheme shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which our Directors have so determined.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and

- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being or an independent financial adviser to our Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the consent of the relevant grantee and the approval of our Directors.

When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant sub-paragraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

Our Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable.

(xxiii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the period referred to in paragraph (vi); and
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii).

(xxiv) Others

- (aa) The Share Option Scheme is conditional on the Listing Committee granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the shareholders in general meeting.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (ee) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders in general meeting.

(b) *Present status of the Share Option Scheme*

(i) Approval of the Listing Committee required

The Share Option Scheme is conditional on the Listing Committee granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) *Application for approval*

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) *Grant of option*

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) *Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

16. Estate duty, tax and other indemnity

Business Good and Mr. Lee (together, the “**Indemnifiers**”) have entered into a deed of indemnity (“**Deed of Indemnity**”) with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) (being the material contract (b) referred to in paragraph 9 above) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group on or before the date on which conditions stated in the section headed “Structure and Conditions of the Share Offer” in this prospectus being fulfilled or, to the extent permitted, waived by the relevant party (“**the Effective Date**”); and
- (b) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Effective Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers are under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited accounts of any member of our Group for the three years ended to 30 June 2013;

- (b) to the extent that such taxation or liability for such taxation falling on any of the members of our Group in respect of any accounting period commencing on or after 1 July 2013 and ending on the Effective Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, otherwise than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 1 July 2013; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 30 June 2013 or pursuant to any statement of intention made in this prospectus; or
- (c) to the extent that such taxation liabilities or claim arises or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, Singapore, Germany, the US, Russia or any other relevant authority (whether in Hong Kong, the PRC, Singapore, Germany, the US, Russia or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 30 June 2013 and which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity, Business Good and Mr. Lee have also undertaken to us that they will, jointly and severally, indemnify and at all times keep us fully indemnified, on demand from and against all losses, claims, actions, demands, liabilities, damages, costs (including but not limited to legal and other professional costs), expenses, fines, payments, sums, outgoing fees, penalties, orders, judgment and losses of whatever nature suffered or incurred by any of the members of our Group directly or indirectly as a result of and in connection with the incidents referred to in the section headed "Business – Historical non-compliance" in this prospectus.

17. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company, that would have a material adverse effect on our results of operations or financial condition of our Group.

18. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$31,000 and are payable by our Company.

19. Promoter

- (a) Our Company does not have any promoter.
- (b) Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given to any promoters of our Company in connection with the Share Offer or the related transactions described in this prospectus.

20. Agency fees or commissions received

The Public Offer Underwriters will, and the Placing Underwriters are expected to, receive a commission of 3.5% of the aggregate Offer Price payable for the Offer Shares underwritten by them, out of which they shall pay any sub-underwriting commissions. The Sole Sponsor will also receive a documentation and advisory fee.

The underwriting commission, documentation and advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Share Offer, assuming an Offer Price of HK\$1.28 (being the mid-point of the indicative Offer Price range), are estimated to amount to approximately HK\$29.5 million in total, and are payable by our Company and the Selling Shareholder (i) as to the underwriting commission, in proportion to the number of Offer Shares issued or sold by each of them under the Share Offer, and (ii) as to the other expenses, the Selling Shareholder shall bear a portion of such expense equivalent to the number of Sale Shares borne to the total number of our issued Shares upon Listing, and our Company shall bear the remaining portion, provided that all the seller and purchaser stamp duties, if any, shall be borne by the Selling Shareholder.

21. Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, being 10% of the Shares in issue on the Listing Date, on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

22. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualification
Halcyon Capital Limited	Licensed corporation under the SFO to carry on type 6 (advising on corporate finance) regulated activities
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
HLB Hodgson Impey Cheng Risk Advisory Services Limited	Internal auditors
HLB Hodgson Impey Cheng Taxation Services Limited	Tax adviser
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
Conyers Dill & Pearman	BVI legal adviser
Jingtian & Gongcheng Attorneys at Law	Qualified PRC lawyers
Stamford Law Corporation	Singapore lawyers
Dorsey & Whitney LLP	US lawyers
Hogan Lovells International LLP	German lawyers
Pepeliaev Group	Russia lawyers
George T. Y. Hui	Barrister-at-law in Hong Kong

23. Consents of experts

Each of Halcyon Capital Limited, HLB Hodgson Impey Cheng Limited, HLB Hodgson Impey Cheng Risk Advisory Services Limited, HLB Hodgson Impey Cheng Taxation Services Limited, Conyers Dill & Pearman (Cayman) Limited, Conyers Dill & Pearman, Jingtian & Gongcheng Attorneys at Law, Stamford Law Corporation, Dorsey & Whitney LLP, Hogan Lovells International LLP, Pepeliaev Group and Mr. George T. Y. Hui has given and has not withdrawn its/his written consent to the issue of this prospectus with the inclusion of its/his report and/or letter and/or legal opinion (as the case may be) and the references to its/his names or summaries of opinions included herein in the form and context in which it appears.

24. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

25. Exemption from the requirement of a property valuation report

No property valuation report in respect of our Group's property interests is required in reliance upon the exemption provided by section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

26. Taxation of holders of Shares

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

27. Miscellaneous

(a) Save as disclosed in this prospectus:

(i) within two years preceding the date of this prospectus:

(aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

- (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries; and
- (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) no arrangement under which future dividends are waived or agreed to be waived by our Company;
- (b) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2013 (being the date to which the latest audited combined financial statements of our Group were made up).
- (c) our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

28. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

29. Particulars of the Selling Shareholder

The Selling Shareholder of the Sale Shares is Business Good, an investment holding company with registered office at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The number of Sale Shares to be initially offered for sale under the Placing is 10,000,000 Shares. Business Good will hold approximately 70% of the issued share capital of our Company immediately after the Share Offer.

Business Good is owned as to 93.2% by Mr. Lee, our chairman, chief executive officer, an executive Director and Controlling Shareholder. Mr. Lee and Mr. Si Tze Fung, our executive Director, are the directors of Business Good. Mr. Lee and Mr. Si Tze Fung are therefore considered as interested in the sale of the Sale Shares.

Save for Mr. Lee and Mr. Si Tze Fung, none of our Directors are interested in the Sale Shares.

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) a statement of particulars of the Selling Shareholder;
- (c) the written consents referred to in the paragraph headed “Other information – 23. Consents of experts” in Appendix IV to this prospectus; and
- (d) copies of the material contracts referred to in the paragraph headed “Further information about the business of our Group – 9. Summary of material contracts” in Appendix IV to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Chiu & Partners at 40/F., Jardine House, 1 Connaught Place, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the accountants’ report prepared by our Reporting Accountants, the text of which is set out in Appendix I to this prospectus;
- (c) the internal control report prepared by our Internal Control Consultant;
- (d) the tax report prepared by our Tax Adviser;
- (e) the audited financial statements of companies comprising our Group for each of the three financial years ended 30 June 2013 (or the period since their respective dates of incorporation of the relevant member of our Group where it is shorter), if any;
- (f) the letter prepared by our Reporting Accountants on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (g) the Companies Law;
- (h) the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited summarising certain aspects of Cayman Islands company law as referred to in Appendix III to this prospectus;
- (i) the legal opinion and legal memorandum prepared by our PRC Legal Advisers;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (j) the legal opinion issued by our Hong Kong Legal Counsel;
- (k) the legal opinion issued by our Singapore Legal Advisers;
- (l) the legal opinion issued by our US Legal Advisers;
- (m) the legal opinion issued by our German Legal Advisers;
- (n) the legal opinion issued by our Russia Legal Advisers;
- (o) the legal opinion issued by Conyers Dill & Pearman, legal advisers of our Company as to BVI law;
- (p) the material contracts referred to in the paragraph headed “Further information about the business of our Group – 9. Summary of material contracts” in Appendix IV to this prospectus;
- (q) the service contracts referred to in the paragraph headed “Further information about Directors and Shareholders – 12. Directors – (b) Particulars of Directors’ service contracts” in Appendix IV to this prospectus;
- (r) the rules of the Share Option Scheme;
- (s) the written consents referred to in the paragraph headed “Other information – 23. Consents of experts” in Appendix IV to this prospectus; and
- (t) the statement of particulars of the Selling Shareholder.

