



Interim Report 中期報告

2014/15



MEGA EXPO HOLDINGS LIMITED

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Chu Kwok Man
Mr. Law Sung Ching, Gavin
Mr. Yeung Chun Yue, David
(*appointed on 2 December 2014*)
Mr. Leung Hung Kee
(*resigned on 11 November 2014*)

AUDIT COMMITTEE

Mr. Yeung Chun Yue, David (*Chairman*)
(*appointed on 2 December 2014*)
Mr. Chu Kwok Man
Mr. Law Sung Ching, Gavin
Mr. Leung Hung Kee
(*resigned on 11 November 2014*)

REMUNERATION COMMITTEE

Mr. Chu Kwok Man (*Chairman*)
Mr. Lee Chi Sang
Mr. Yeung Chun Yue, David
(*appointed on 2 December 2014*)
Mr. Leung Hung Kee
(*resigned on 11 November 2014*)

NOMINATION COMMITTEE

Mr. Lee Chi Sang (*Chairman*)
Mr. Chu Kwok Man
Mr. Law Sung Ching, Gavin

COMPANY SECRETARY

Ms. Li Ka Yi
Certified Public Accountants

AUTHORISED REPRESENTATIVES

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

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

COMPLIANCE ADVISER

Halcyon Capital Limited

LEGAL ADVISERS

As to Hong Kong law
Chiu & Partners

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

1360

CORPORATE WEBSITE

<http://www.mega-expo.com>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

For the six months ended 31 December 2014 (“**Reporting Period**”), the Group recorded a total revenue of approximately HK\$178,783,000 (2013: approximately HK\$198,585,000), representing a decline of 10.0% for the corresponding period of last year. The lower turnover were due to the end of co-operation agreement of Asia Expo-Singapore and Fujian Commodities Expo-Singapore (“**Singapore Expo**”) and the keen competition from other exhibition organisers. For the six months ended 31 December 2014, revenue from organisation of exhibitions accounted for 95.3% (2013: 95.3%) of the total revenue, while revenue from provision of exhibition related services accounted for 4.7% (2013: 4.7%).

During the Reporting Period, profit before taxation was approximately HK\$53,958,000 (2013: approximately HK\$62,569,000), representing a decrease of 13.8% from the corresponding period of last year which was driven by the drop in sales turnover and increase in the advertising and promotion expenses and exhibition expenses.

REVIEW OF BUSINESS ACTIVITIES

During the Reporting Period, the Group successfully staged three trade fairs, namely Home Appliances, Lighting & Electronics Exhibition (“**ALEEX**”) held during 14-17 October 2014 in Guangzhou, the People’s Republic of China (the “**PRC**”), Mega Show Part I held during 20-23 October 2014 and Mega Show Part II held during 27-29 October 2014 in Hong Kong.

Mega Show series continued to be the core business activity of the Group. Mega Show Part I held in October 2014 attracted approximately 3,400 exhibitors and approximately 40,000 buyers from more than 100 countries. Mega Show Part II, as a complementary event to Mega Show Part I, attracted approximately 600 exhibitors and over 13,000 buyers from more than 100 countries.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

REVIEW OF BUSINESS ACTIVITIES (Continued)

Organisation of Exhibitions

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

During the Reporting Period, revenue generated from the organisation of exhibitions accounted for approximately HK\$170,366,000 (2013: approximately HK\$189,197,000), representing a decrease of 10.0%, since the cooperation agreement of Singapore Expo ended in its last edition in 2013, of which the revenue generated from Singapore Expo 2013 was approximately HK\$8,531,000. In addition, uncertain world economic climate also led to a drop in the number of exhibitors and a decrease in our revenue comparing to the corresponding period of last year.

The Group started to manage the ALEEX in Guangzhou, the PRC since April 2014 and the second edition was held in October 2014. The number of exhibitors increased from 191 to 245. Since ALEEX is still a brand new exhibition, more resources in promotion and organisation are required for attracting exhibitors and buyers and building up the reputation of ALEEX.

In order to meet with the keen competition from other organisers, the Group has enhanced promotion and other exhibition related services for existing exhibitions which resulted in an increase in promotion cost and exhibition expenses from approximately HK\$10,596,000 and HK\$7,929,000 to approximately HK\$13,790,000 and HK\$10,681,000 respectively.

Exhibition related services

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

For the Reporting Period, revenue generated from exhibition related service was approximately HK\$8,333,000 (2013: approximately HK\$9,308,000), representing a decrease of 10.5%. Since the revenue mainly represent the income from additional facilities provided to the exhibitors, it was affected by the cessation of Singapore Expo and the decrease in the number of exhibition booths sold.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FUTURE PLANS AND PROSPECT

Entering 2015, the Group is facing global macro-economic challenges which are beyond the control of the Group. The critical drop in the price of raw materials and commodities and the global fluctuation in exchange rates are posing uncertainties to consumer goods manufacturers in Asia, who are the main target group of customers of the Group.

Due to the high rental and labour costs, the Hong Kong-based manufacturing industry is also shrinking. This is evident from the declining number of exhibition booths originating from Hong Kong companies at Mega Show Part I and II. The general economic outlook of Hong Kong may also be affected due to the uncertain local political atmosphere and social unrest as reflected in the recently ended occupy Central movement at the end of 2014. The slower growth of the global economy in 2014 also adds uncertainty to the economic outlook of Hong Kong in 2015.

It is our main business goal to promote and facilitate trade between international buyers and manufacturers, particularly those from Asia, through the trade exhibitions managed or organised by the Group. 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.

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

We also plan to utilise our experience and expertise, both from the Group's business operation track record and of our senior management, in the exhibition organisation industry and apply our business model to develop new exhibitions in other areas of the world. In particular, the Group will organise and manage a new exhibition which is to be held in Macao in July 2015, with exhibition theme on the product sector of diamond, gem and pearl. Apart from developing new exhibitions, the Group may from time to time explore opportunities to invest in, to acquire or to co-organise new exhibitions with potential growth. Feasibility studies will be carried out from time to time if the Group comes across any potential opportunities.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FUTURE PLANS AND PROSPECT (Continued)

To broaden our future income stream and to capitalise on our vast database of international manufacturers, the Group sought to become sales agents of overseas exhibitions and we had already entered into five contracts during the Reporting Period.

The Group will look at other business opportunities which could provide more stable sources of income. The Board shall keep a keen eye on any business or investment opportunities in the future in the event that such opportunities arise which may provide a steady and alternative source of income in the interest of the shareholders of the Company.

INTERIM DIVIDENDS

The Board do not recommend the payment of interim dividend for the Reporting Period (2013: HK2.5 cents per share).

CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK\$155,236,000 as at 31 December 2014 from approximately HK\$60,308,000 as at 30 June 2014. The main reason for the change is the placing of ordinary shares of the Company completed in November 2014. As at 31 December 2014, the Group did not have any long term debts (as at 30 June 2014: Nil).

Placing of new shares of the Company

On 12 November 2014, the Company entered into a placing agreement with Ping An Securities Limited ("**Placing Agent**"), pursuant to which the Placing Agent agreed to place, on a best effort basis, to not less than six places, up to 40,000,000 new shares of the Company ("**Placing Shares**") at a price of HK\$1.381 ("**Placing Price**") per Placing Share ("**Placing**").

The Placing was completed on 20 November 2014 and an aggregate of 40,000,000 Placing Shares, representing approximately 16.67% of the enlarged total issued share capital of the Company, have been allotted and issued by the Company under the general mandate, which was granted to the Directors to allot and issue 40,000,000 new shares of the Company pursuant to a resolution passed by the then sole Shareholder of the Company on 18 October 2013, to not less than six places at the Placing Price of HK\$1.381 per Placing Share.

As disclosed in the announcement of the Company dated 20 November 2014, the net proceeds from the Placing, after the deduction of the commission payable to the Placing Agent and other related expenses incurred in the Placing, of approximately HK\$51 million are intended to be used for general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MATERIAL ACQUISITION AND DISPOSAL

During the Reporting Period, there was no material acquisition or disposals of subsidiaries or associates of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group has a total assets of approximately HK\$209,259,000 (30 June 2014: approximately HK\$180,279,000) which was financed by current liabilities of approximately HK\$54,023,000 (30 June 2014: approximately HK\$119,971,000) and shareholders' equity of approximately HK\$155,236,000 (30 June 2014: approximately HK\$60,308,000).

As at 31 December 2014, the Group's current ratio was 3.72 (30 June 2014: 1.42); and since the Group did not have any debts, no gearing ratio was presented.

The cash and cash equivalent of the Group as at 31 December 2014 was mainly denominated in Hong Kong dollars, United States dollars ("**USD**"), Euro and Renminbi ("**RMB**").

As at 31 December 2014, the Group did not pledge any of its assets and had no material capital commitment and contingent liabilities. The Group did not have any charges on assets as at 31 December 2014.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

As mentioned above, there are cash and cash equivalent of the Group denominated in Euro. Due to the recent uncertain economic environment with exchange rate volatility which results in the fluctuation in the Euro exchange rate, the Group's exchange gain/loss may be affected when it is recognised.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2014, the Group has 126 full-time employees in Hong Kong and the PRC. The remuneration payable to our employees includes salaries, discretionary bonus and commission. Remuneration package are generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

During the period from the date of listing (i.e. 6 November 2013) (the "Listing Date"), to 31 December 2014, the net proceeds from the listing had been applied as follows:

| | Adjusted use of proceeds in the same manner and proportion as shown in the prospectus of the Company dated 25 October 2013 from the Listing Date to 31 December 2014 | Actual use of proceeds from the Listing Date to 31 December 2014 |
|---|---|---|
| | HK\$ million | HK\$ million |
| To organise or develop new exhibitions or for consideration of potential acquisition opportunities or for cooperation with other players in the exhibition industry in Hong Kong and overseas | 17.5 | 14.9 |
| To expand existing exhibitions organised by the Group, by increase of our marketing | 8.8 | 6.8 |
| General working capital and other corporate purpose of the Group | 2.9 | 2.9 |
| | <u>29.2</u> | <u>24.6</u> |

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EVENT AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the Reporting Period.

DISCLOSURE OF INTEREST

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2014, the interest and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provision of the SFO) or be entered in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) were as follows:

Long positions in shares of the Company

| Name of director | Company/name of associated corporation | Nature of interest | Number of shares held <i>(Note 1)</i> | Approximate percentage of shareholding |
|------------------------------|---|------------------------------------|--|--|
| Lee Chi Sang <i>(Note 2)</i> | The Company | Interest of controlled corporation | 140,000,000 | 58.33% |
| | Business Good Holdings Limited (“Business Good”) | Beneficial owner | 932 | 93.20% |

Notes:

1. The percentage calculated are based on the total number of issued shares of the Company of 240,000,000 shares as at 31 December 2014.
2. The shares are registered in the name of Business Good, of which Mr. Lee Chi Sang, a director of the Company, held 93.2% of the entire share capital.

DISCLOSURE OF INTEREST (CONTINUED)

Long positions in shares of the Company (Continued)

Save as disclosed above, as at 31 December 2014, none of the directors or the chief executives or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company, subsidiaries or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provision of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

A share option scheme of the Company ("**Share Option Scheme**") was adopted by the Company pursuant to a shareholder's resolution passed on 18 October 2013. No share option was granted to the relevant participants under the Share Option Scheme during the Reporting Period.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above in respect of the directors' interest in securities regarding the Share Option Scheme, at no time during the period was the Company, its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

DISCLOSURE OF INTEREST (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as is known to any directors of the Company and save as those set out in the section headed "Directors' interest in Shares" in this interim report, the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which/who had 5% or more interests in the Shares and the underlying Shares were as follows:

Long Positions and Short Positions in the Shares

| Name of Shareholder | Capacity/ Nature of interest | Number of Shares/ Underlying Shares held <i>(Note)</i> | Approximate percentage of shareholding |
|---------------------|---------------------------------|--|--|
| Cheung Kam Fai | Beneficial owner | 16,600,000 (L) | 6.91% |

Note: The letter "L" denotes the person's long position in the Shares.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group has established a formal and transparent procedure to protect the interests of the shareholders of the Group. The Group regularly reviews the corporate governance procedures and developments of the Group. The Group applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the Reporting Period, except that:

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

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

During the Reporting Period and following the resignation of Mr. Yeung Wai Keung (“**Mr. Yeung**”), a then independent non-executive Director (“**INED**”), on 4 July 2014, the Company has only two INEDs and two members for each of the audit committee of the Board (“**Audit Committee**”) and the nomination committee of the Board (“**Nomination Committee**”), and does not meet the requirement under Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules and the requirement under code provision A.5.1 of the CG Code respectively (collectively, the “**Relevant Provisions**”). The Company has taken remedial steps by actively identifying an appropriate candidate to fill such vacancy following Mr. Yeung’s resignation. Subsequently, Mr. Law Sung Ching, Gavin was appointed as an INED, member of the Nomination Committee and the Audit Committee on 12 September 2014, and the Company has fulfilled the Relevant Provisions.

Following the resignation of Mr. Leung Hung Kee, a then INED, with effect from 11 November 2014, (i) the number of the INEDs has fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules; (ii) the Board does not have at least one of its INEDs possessing appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; (iii) there is a vacancy for chairman of the Audit Committee, the number of members of the Audit Committee has fallen below the minimum number, and no INED who possesses appropriate qualifications or expertise has been appointed as a member of the Audit Committee as required under Rule 3.21 of the Listing Rules; and (iv) the remuneration committee of the Board (“**Remuneration Committee**”) to comprise a majority of INEDs cannot be met, which do not fulfil the requirement under Rule 3.25 of the Listing Rules.

Following the appointment of Mr. Yeung Chun Yue, David with effect from 2 December 2014 as an INED, chairman of the Audit Committee and a member of the Remuneration Committee, the Company has fulfilled the requirements of Rule 3.10, Rule 3.10A, Rule 3.21 and Rule 3.25 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules.

All Directors have confirmed, following specific enquiry of all Directors, that they have fully complied with the required standards set out in the Model Code throughout the Reporting Period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting standards and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including review of the unaudited condensed consolidated financial statements for the Reporting Period.

The Audit Committee has reviewed the unaudited interim report for the six months ended 31 December 2014 with no disagreement.

By Order of the Board

Lee Chi Sang

Chairman

Hong Kong, 17 February 2015

The board (the “**Board**”) of directors (the “**Directors**”) of Mega Expo Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 31 December 2014 (“**Reporting Period**”) together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2014

| | | For the six months ended 31 December | |
|---|------|---|---------------------------------|
| | Note | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Revenue | 5 | 178,783 | 198,585 |
| Other revenue | 6 | 736 | 902 |
| Other income | 7 | 318 | 555 |
| Advertising and promotion expenses | | (13,790) | (10,596) |
| Agency commission | | (2,920) | (2,808) |
| Exhibition rentals | | (29,966) | (29,568) |
| Staff cost | | (30,723) | (30,597) |
| Booth construction costs | | (17,971) | (18,030) |
| Exhibition expenses | | (10,681) | (7,929) |
| Exhibition co-operation expenses | | – | (5,151) |
| Other operating expenses | | (19,828) | (32,794) |
| Profit before tax | 7 | 53,958 | 62,569 |
| Taxation | 8 | (10,567) | (18,813) |
| Profit for the period | | 43,391 | 43,756 |
| Other comprehensive loss/(income) for the period, net of tax: | | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | | |
| Exchange difference on translation of foreign operations | | (8) | 192 |
| Total comprehensive income for the period, net of tax | | 43,383 | 43,948 |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 31 December 2014

| | | For the six months ended 31 December | |
|---|------|---|---------------------------------|
| | Note | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Profit/(loss) attributable to: | | | |
| Owners of the Company | | 43,391 | 43,778 |
| Non-controlling interests | | – | (22) |
| | | 43,391 | 43,756 |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | | 43,383 | 43,970 |
| Non-controlling interests | | – | (22) |
| | | 43,383 | 43,948 |
| Earnings per share attributable to owners of the Company | | | |
| – Basic and diluted | 10 | 20.75 HK cents | 26.50 HK cents |

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

| | Note | At 31 December 2014 HK\$'000 (Unaudited) | At 30 June 2014 HK\$'000 (Audited) |
|--|------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 11 | <u>8,455</u> | <u>9,872</u> |
| Current assets | | | |
| Prepayments, deposits and other receivables | 12 | 15,515 | 35,315 |
| Amount due from ultimate holding company | | 22 | 22 |
| Cash and cash equivalents | 13 | <u>185,267</u> | <u>135,070</u> |
| | | <u>200,804</u> | <u>170,407</u> |
| Current liabilities | | | |
| Receipt in advance | | 38,068 | 108,811 |
| Accruals and other payables | 14 | 5,284 | 1,755 |
| Amount due to a related company | | 373 | 373 |
| Amount due to a director | | – | 5 |
| Tax payable | | <u>10,298</u> | <u>9,027</u> |
| | | <u>54,023</u> | <u>119,971</u> |
| Net current assets | | <u>146,781</u> | <u>50,436</u> |
| Total assets less current liabilities | | <u>155,236</u> | <u>60,308</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2014

| | | At 31 December 2014 HK\$'000 (Unaudited) | At 30 June 2014 HK\$'000 (Audited) |
|---|----|---|--|
| Capital and reserves | | | |
| Share capital | 15 | 2,400 | 2,000 |
| Reserves | | <u>152,836</u> | <u>58,308</u> |
| Total equity attributable to owners of the Company | | <u>155,236</u> | <u>60,308</u> |

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2014

| | Attributable to owners of the Company | | | | | | | | |
|---|---------------------------------------|----------------------------|-------------------------------|--------------------------------|----------------------------|---|--------------------|--|---------------------------|
| | Share Capital HK\$ '000 | Share premium HK\$ '000 | Exchange reserve HK\$ '000 | Proposed dividend HK\$ '000 | Other reserve HK\$ '000 | (Accumulated loss)/ retained profit HK\$ '000 | Total HK\$ '000 | Non-controlling interests HK\$ '000 | Total equity HK\$ '000 |
| At 1 July 2013 (audited) | - | - | 47 | - | (7) | (4,174) | (4,134) | 45 | (4,089) |
| Profit/(loss) for the period | - | - | - | - | - | 43,778 | 43,778 | (22) | 43,756 |
| Other comprehensive income for the period | - | - | 192 | - | - | - | 192 | - | 192 |
| Total comprehensive income/(loss) for the period | - | - | 192 | - | - | 43,778 | 43,970 | (22) | 43,948 |
| Effect of reorganization | 100 | - | - | - | (100) | - | - | - | - |
| Issue of shares | | | | | | | | | |
| – Share offer | 500 | 66,000 | - | - | - | - | 66,500 | - | 66,500 |
| – Capitalisation issue | 1,400 | (1,400) | - | - | - | - | - | - | - |
| Expenses incurred in connection with the issue of shares | - | (11,041) | - | - | - | - | (11,041) | - | (11,041) |
| Proposed dividend | - | - | - | 5,000 | - | (5,000) | - | - | - |
| At 31 December 2013 (unaudited) | 2,000 | 53,559 | 239 | 5,000 | (107) | 34,604 | 95,295 | 23 | 95,318 |
| At 1 July 2014 (audited) | 2,000 | 53,559 | (90) | - | (107) | 4,946 | 60,308 | - | 60,308 |
| Profit/(loss) for the period | - | - | - | - | - | 43,391 | 43,391 | - | 43,391 |
| Other comprehensive loss for the period | - | - | (8) | - | - | - | (8) | - | (8) |
| Total comprehensive (loss)/income for the period | - | - | (8) | - | - | 43,391 | 43,383 | - | 43,383 |
| Issue of shares | | | | | | | | | |
| – Placing of new shares | 400 | 54,840 | - | - | - | - | 55,240 | - | 55,240 |
| Expenses incurred in connection with the issue of shares | - | (3,695) | - | - | - | - | (3,695) | - | (3,695) |
| 31 December 2014 (unaudited) | 2,400 | 104,704 | (98) | - | (107) | 48,337 | 155,236 | - | 155,236 |

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2014

| | For the six months ended | |
|--|--|--|
| | 31 December 2014 HK\$'000 (Unaudited) | 31 December 2013 HK\$'000 (Unaudited) |
| Net cash (used in)/generated from operating activities | (690) | 29,963 |
| Net cash used in investing activities | (698) | (5,409) |
| Net cash generated from financing activities | 51,545 | 29,180 |
| Net increase in cash and cash equivalents | 50,157 | 53,734 |
| Cash and cash equivalents at the beginning of the period | 135,070 | 73,835 |
| Effect of foreign exchange rate changes | 40 | 645 |
| Cash and cash equivalents at the end of the period | 185,267 | 128,214 |

Note

13

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 21 August 2012 and is listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activities 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.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the Reporting Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules of Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institution of Certified Public Accountants (“**HKICPA**”).

The condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2014 as contained in the Company’s annual report 2013/2014 (the “**Annual Report**”).

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements are denominated in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. Unless otherwise specifically stated, all amounts are presented in thousand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report, except for the impact of the adoption of the new and revised HKASs, Hong Kong Financial Reporting Standards (“**HKFRSs**”), amendments and interpretations described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“**New HKFRSs**”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 July 2014.

The New HKFRSs adopted by the Group in the condensed consolidated financial statements are set out as follows:

| | |
|---|---|
| HKAS 19 (2011) (Amendments) | Defined benefit plans: Employee Contribution |
| HKAS 32 (Amendments) | Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities |
| HKAS 36 (Amendments) | Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets |
| HKAS 39 (Amendments) | Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting |
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2010-2012 Cycle |
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2011-2013 Cycle |
| HKFRS 10, HKFRS 12 and HKFRS 27 (Amendments) | Investment Entities |
| HK(IFRIC) – Int 21 | Levies |

The application of the above New HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| | |
|---|--|
| HKAS 1 (Amendments) | Disclosure Initiative ² |
| HKAS 16 and HKAS 38 (Amendments) | Clarification of Acceptable Methods of Depreciation and Amortisation ² |
| HKAS 16 and HKAS 41 (Amendments) | Agriculture: Bearer Plants ² |
| HKAS 27 (Amendments) | Equity Method in Separate Financial Statement ² |
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2012-2014 Cycle ² |
| HKFRS 7 and HKFRS 9 (Amendments) | Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁴ |
| HKFRS 9 | Financial Instruments ⁴ |
| HKFRS 10, HKFRS 12 and HKAS 28 (Amendments) | Investment Entities: Applying the Consolidation Exception ² |
| HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ² |
| HKFRS 11 (Amendments) | Accounting for Acquisition of Interests in Joint Operation ² |
| HKFRS 14 | Regulatory Deferral Accounts ¹ |
| HKFRS 15 | Revenue from contracts with customers ³ |

¹ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

² Effective for annual period beginning on or after 1 January 2016

³ Effective for annual period beginning on or after 1 January 2017

⁴ Effective for annual period beginning on or after 1 January 2018

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

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

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle includes a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted. Amendments to HKFRSs include:

- Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Change in methods of disposal*;
- Amendments to HKFRS 7 *Financial Instruments: Disclosure – Servicing contracts; Applicability of the amendments to HKFRS 7 to condensed interim financial statements*;
- Amendments to HKAS 19 *Employee Benefits – Discount rate: regional market issue*; and
- HKAS 34 *Interim Financial Reporting – Disclosure of information “elsewhere in the interim financial report”*

HKFRS 9 *Financial Instruments*

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) HKFRS 9 *Financial Instruments* (Continued)

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.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *Investment Entities: Applying the Consolidation Exception*

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

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

HKFRS 15 *Revenue from contracts with customers*

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

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

4. SEGMENT INFORMATION

Information reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance focuses on types of services provided.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (Continued)

The three operating and reportable segments are as follows:

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

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

For the six months ended 31 December

| | Organisation of exhibition | | Exhibition-related services | | Ancillary services | | Total | |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Revenue | | | | | | | | |
| Segment revenue | 170,366 | 189,197 | 25,451 | 34,782 | 84 | 80 | 195,901 | 224,059 |
| Inter-segment revenue | - | - | (17,118) | (25,474) | - | - | (17,118) | (25,474) |
| Revenue from external customers | 170,366 | 189,197 | 8,333 | 9,308 | 84 | 80 | 178,783 | 198,585 |
| Results | | | | | | | | |
| Segment results | 83,166 | 103,924 | 8,333 | 9,308 | (108) | (119) | 91,391 | 113,113 |
| Unallocated income | | | | | | | 1,007 | 1,370 |
| Unallocated corporate expenses | | | | | | | (38,440) | (51,914) |
| Profit before tax | | | | | | | 53,958 | 62,569 |
| Taxation | | | | | | | (10,567) | (18,813) |
| Profit for the period | | | | | | | 43,391 | 43,756 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (Continued)

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

| | Organisation of exhibition | | Exhibition-related services | | Ancillary services | | Total | |
|-----------------------------------|--|--|--|--|--|--|--|--|
| | At 31 December 2014 HK\$'000 (Unaudited) | At 30 June 2014 HK\$'000 (Audited) | At 31 December 2014 HK\$'000 (Unaudited) | At 30 June 2014 HK\$'000 (Audited) | At 31 December 2014 HK\$'000 (Unaudited) | At 30 June 2014 HK\$'000 (Audited) | At 31 December 2014 HK\$'000 (Unaudited) | At 30 June 2014 HK\$'000 (Audited) |
| Assets | | | | | | | | |
| Segment assets | 6,817 | 23,582 | - | - | - | - | 6,817 | 23,582 |
| Unallocated corporate assets | | | | | | | 202,442 | 156,697 |
| | | | | | | | 209,259 | 180,279 |
| Liabilities | | | | | | | | |
| Segment liabilities | 38,030 | 108,808 | - | - | - | 3 | 38,030 | 108,811 |
| Unallocated corporate liabilities | | | | | | | 15,993 | 11,160 |
| | | | | | | | 54,023 | 119,971 |

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 31 December

| | Organisation of exhibition | | Exhibition-related services | | Ancillary services | | Unallocated | | Total | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Depreciation and amortisation | - | - | - | - | - | - | 1,844 | 708 | 1,844 | 708 |
| Capital expenditure | - | - | - | - | - | - | 427 | 5,505 | 427 | 5,505 |
| Impairment loss recognised in respect of prepayment | - | - | - | - | - | - | 736 | - | 736 | - |

5. REVENUE

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

| | For the six months ended 31 December | |
|---|--------------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Participation income | 170,366 | 189,197 |
| Additional facilities income | 7,914 | 9,308 |
| Sub-contracting and management fee income | 419 | - |
| Other ancillary service income | 84 | 80 |
| | 178,783 | 198,585 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. OTHER REVENUE

| | For the six months ended 31 December | |
|------------------|---|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Admission income | 372 | 401 |
| Sundry income | 364 | 501 |
| | 736 | 902 |

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

| | For the six months ended 31 December | |
|---|---|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Staff costs: | | |
| Employee benefit expenses (including Directors' remuneration): | | |
| – Wages and salaries | 29,906 | 29,811 |
| – Retirement benefit schemes contributions | 817 | 786 |
| | 30,723 | 30,597 |
| Other items: | | |
| Depreciation of owned property, plant and equipment | 1,844 | 708 |
| Auditors' remuneration | 683 | 514 |
| Impairment loss recognised in respect of prepayment | 736 | – |
| Operating lease rentals in respect of land and building | 4,911 | 5,819 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. PROFIT BEFORE TAX (Continued)

| | For the six months ended 31 December | |
|----------------------|---|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| And after crediting: | | |
| Other income: | | |
| Interest income | 270 | 102 |
| Exchange gain, net | 48 | 453 |
| | <u>318</u> | <u>555</u> |

8. TAXATION

| | For the six months ended 31 December | |
|-----------------------|---|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Current tax | | |
| Hong Kong Profits Tax | 10,567 | 18,769 |
| Other than Hong Kong | – | 44 |
| | <u>10,567</u> | <u>18,813</u> |

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the six months ended 31 December 2014 and 2013.

Tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. DIVIDENDS

The Directors of the Company do not recommend the payment of an interim dividend for the Reporting Period (2013: 2.5 HK cents per share).

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

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the Reporting Period of approximately HK\$43,391,000 (2013: approximately HK\$43,778,000) and on the weighted average number of 209,130,434 ordinary shares (2013: 165,217,391 ordinary shares) in issue during the Reporting Period.

There was no dilutive potential ordinary shares in existence during the six months ended 31 December 2014 and 2013 respectively, therefore the diluted earnings per share is the same as the basic earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

| | HK\$'000 |
|--|---------------------|
| Carrying amount at 1 July 2013 (audited) | 1,886 |
| Additions | 5,505 |
| Depreciation | (708) |
| Exchange alignment | — |
| | <hr/> |
| Carrying amount at 31 December 2013 (unaudited) | <u>6,683</u> |
| | |
| Carrying amount at 1 July 2014 (audited) | 9,872 |
| Additions | 427 |
| Depreciation | (1,844) |
| Exchange alignment | — |
| | <hr/> |
| Carrying amount at 31 December 2014 (unaudited) | <u>8,455</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | At 31 December 2014 HK\$'000 (Unaudited) | At 30 June 2014 HK\$'000 (Audited) |
|-------------------|---|--|
| Prepayments | 11,083 | 30,159 |
| Deposits | 4,366 | 5,128 |
| Other receivables | 66 | 28 |
| | 15,515 | 35,315 |

13. CASH AND CASH EQUIVALENTS

At 31 December 2014, the remittance of cash and cash equivalents denominated in RMB of HK\$1,125,000 (at 30 June 2014: HK\$2,779,000) out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

14. ACCRUALS AND OTHER PAYABLES

| | At 31 December 2014 HK\$'000 (Unaudited) | At 30 June 2014 HK\$'000 (Audited) |
|----------------|---|--|
| Other payables | 46 | 38 |
| Accruals | 5,238 | 1,717 |
| | 5,284 | 1,755 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. SHARE CAPITAL

| | Par value HK\$ | Number of shares | Nominal value HK\$ '000 |
|--|-------------------|-----------------------------|-------------------------------|
| Authorised: | | | |
| At 1 July 2013 (audited) | 0.1 | 1,000,000 | 100 |
| Shares sub-division (<i>note (i)</i>) | 0.01 | 9,000,000 | – |
| Increase in authorised share capital (<i>note (iii)</i>) | 0.01 | <u>990,000,000</u> | <u>9,900</u> |
| At 30 June 2014, 1 July 2014 and 31 December 2014 (unaudited) | | <u>1,000,000,000</u> | <u>10,000</u> |
| Issued and fully paid: | | | |
| At 1 July 2013 (audited) | 0.1 | 1 | – |
| Shares sub-division (<i>note (i)</i>) | 0.01 | 9 | – |
| Issue of shares (<i>note (ii)</i>) | 0.01 | 9,999,990 | 100 |
| Issue of shares upon capitalisation issue (<i>note (iv)</i>) | 0.01 | 140,000,000 | 1,400 |
| Share Offer (<i>note (v)</i>) | 0.01 | <u>50,000,000</u> | <u>500</u> |
| At 31 December 2013, 30 June 2014 and 1 July 2014 (audited) | | 200,000,000 | 2,000 |
| Issue of shares (<i>note (vi)</i>) | | <u>40,000,000</u> | <u>400</u> |
| At 31 December 2014 (unaudited) | | <u>240,000,000</u> | <u>2,400</u> |

Notes:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. SHARE CAPITAL (Continued)

Notes: (Continued)

- (ii) As part of the Reorganisation, on 3 October 2013, Mr. Lee Chi Sang, a shareholder of the Company transferred 10 nil-paid shares in the Company to Business Good and Business Good transferred the entire issued share capital in Expand Trade Investments Limited to our Company, in exchange for which the Company (1) issued and allotted 9,999,990 shares to Business Good, credited as fully paid; and (2) credited as fully paid at par the 10 nil-paid shares which was registered in the name of Business Good.
- (iii) Pursuant to the board resolution passed on 18 October 2013, the authorised share capital of the Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of 990,000,000 new shares.
- (iv) As a result of the public offer and placing of the Company's shares (the "**Share Offer**"), the directors of the Company were authorised to capitalise HK\$1,400,000 standing to the credit of the share premium account by applying that sum in paying up in full at par 140,000,000 shares for allotment and issue to the holder of shares whose name appear on the register of members of the Company at the close of business on 18 October 2013 in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to its existing shareholding in the Company and so that the shares be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued shares and the Directors were authorised to give effect to such capitalisation.
- (v) To proceed the Share Offer, the Company issued an additional 50,000,000 shares of HK\$0.01 each on 6 November 2013.
- (vi) On 20 November 2014, the Company issued 40,000,000 ordinary shares upon the completion of the placing of ordinary shares under the general mandate at the placing price of HK\$1.381 per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. MATERIAL RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel of the Group, including amounts paid to the Company's directors, senior management of the Company, is as follows:

| | For the six months ended 31 December | |
|---|---|-------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Salaries, allowances and benefits in kind | 6,570 | 5,814 |
| Retirement benefit schemes contributions | 52 | 50 |
| | 6,622 | 5,864 |

17. OPERATING LEASE COMMITMENTS

At 31 December 2014 and 30 June 2014, 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:

| | At 31 December 2014 | At 30 June 2014 |
|-----------------|------------------------------------|-----------------------|
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Audited) |
| Within one year | 10,227 | 35,706 |
| Over one year | 7,398 | 10,472 |
| | 17,625 | 46,178 |

18. CONTINGENT LIABILITIES

The Group do not have any significant contingent liabilities as at 31 December 2014.

19. EVENT AFTER THE REPORTING PERIOD

The Group do not have any subsequent event after the Reporting Period.

