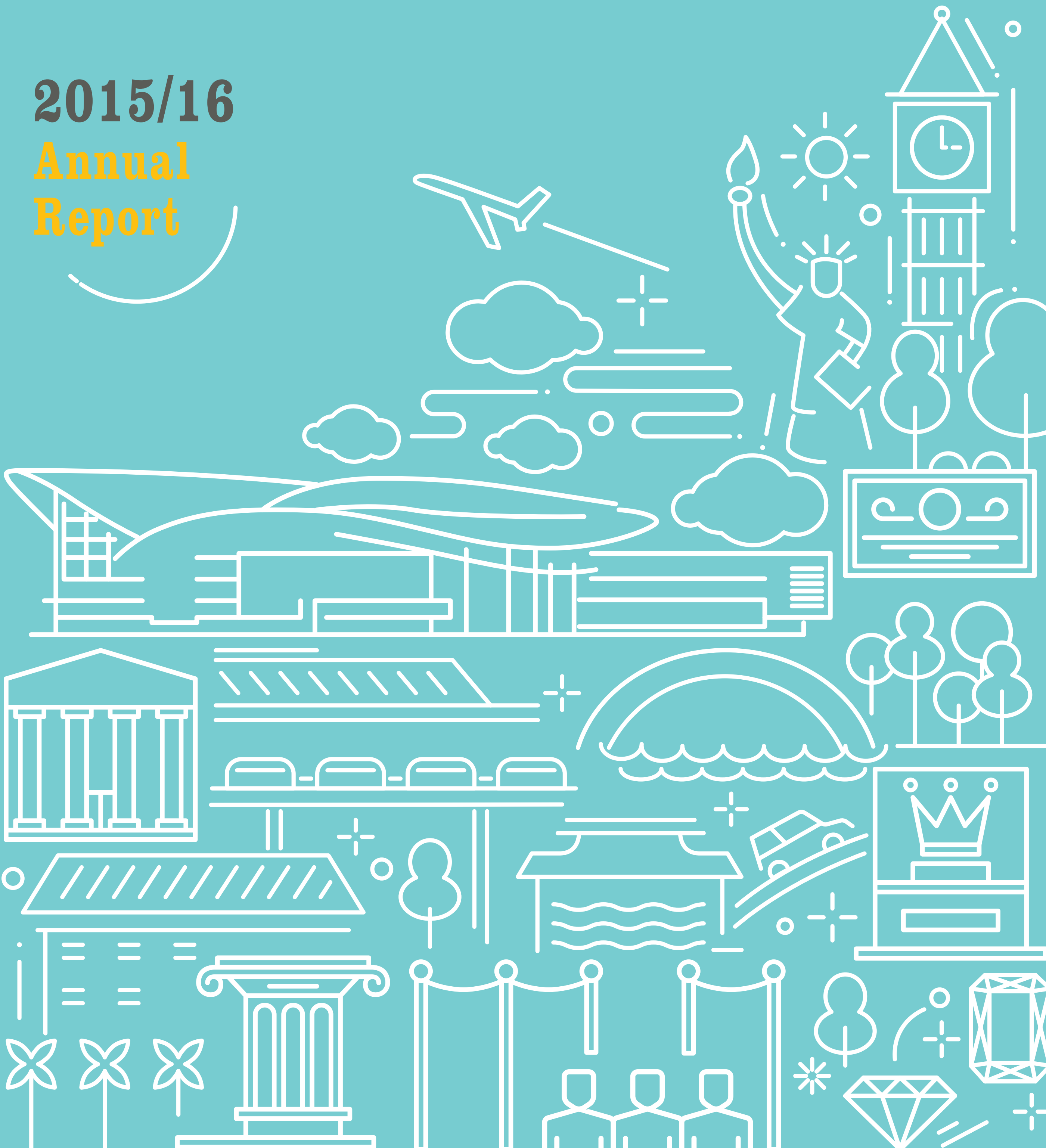
MEGA EXPO HOLDINGS LIMITED

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



2015/16 Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ge Jin *(Chairman)*
Mr. Liu Gejiang
Mr. Sun Sizhi
Ms. Yang Yan

Independent Non-executive Directors

Mr. Yeung Chun Yue, David
Mr. Choi Hung Fai
Mr. Yang Bo

AUDIT COMMITTEE

Mr. Yeung Chun Yue, David *(Chairman)*
Mr. Choi Hung Fai
Mr. Yang Bo

REMUNERATION COMMITTEE

Mr. Yang Bo *(Chairman)*
Mr. Yeung Chun Yue, David
Mr. Ge Jin

NOMINATION COMMITTEE

Mr. Ge Jin *(Chairman)*
Mr. Choi Hung Fai
Mr. Yang Bo

COMPANY SECRETARY

Mr. Yau Yan Ming, Raymond
Certified Public Accountant

AUTHORISED REPRESENTATIVES

Mr. Liu Gejiang
Mr. Yau Yan Ming, Raymond

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISER

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

Suites 911-912, Level 9
One Pacific Place
88 Queensway
Admiralty, 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
Hong Kong

STOCK CODE

1360

CORPORATE WEBSITE

http://www.megaexpoholdings.com

FINANCIAL HIGHLIGHTS

	Year ended 30 June 2016 HK$'000	Year ended 30 June 2015 HK$'000	Year ended 30 June 2014 HK$'000
Results			
Revenue			
Organisation of exhibitions	**159,333**	179,733	195,679
Exhibition-related services	**898**	8,497	10,022
Ancillary services	**58**	84	80
	160,289	188,314	205,781
(Loss)/profit for the year	**(68,711)**	45,866	14,091
(Loss)/profit attributable to owners of the Company	**(67,346)**	45,919	14,120

	At 30 June 2016 HK$'000	At 30 June 2015 HK$'000	At 30 June 2014 HK$'000
Consolidated statement of financial position			
Total assets	**204,340**	275,492	180,279
Total liabilities	**(115,358)**	(117,740)	(119,971)
Net assets	**88,982**	157,752	60,308

CHAIRMAN'S STATEMENT

Dear Shareholders,

This is my first report since I was appointed as the Chairman of Mega Expo Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") in 2016 and hoping that I can contribute to the continuing success of the Group and bring the Group to the next level of height. However, during the financial year 2015/16, under the circumstances of global stock market turmoil, political instability and economic downturn, the Group made every effort and took all resolute and effective measures to prevent the possibility of further expansion of loss. We will develop a series of measures for generating revenue and saving costs in the coming financial year, and hoping that these measures will lead the Group to turn around.

Recalling the financial year 2015/16, the global economy continued to slump, coupled with the volatility of financial markets, raw materials and commodity prices plunge, these negative internal and external factors slowed down the pace of the Asian manufacturers of consumer goods (the Group's main target group) to develop new markets seriously. In consequence, the demand for exhibition market was suppressed. In fact, during the financial year of 2015/16, the Group did not hold any large-scale exhibition.

The global financial markets demonstrated abnormal fluctuations in the first half of 2016. The stock market was worried about problems of mainland enterprises insolvency, triggering a sharp fall in the stock markets in China and Hong Kong. The Hang Seng Index saw a low level of around 18,000 at the early 2016. The Group's realised and unrealised losses of listed investments at fair value through profit or loss for the year ended 30 June 2016 amounted to approximately HK$41,000,000, compared with losses of approximately HK$26,000,000 for the six months ended 31 December 2015, represents a widening of 57.7%.

To further improve the operations of the Group, the Group had been focusing on downsizing, through natural turnover plan and reengineering of workflow and other means, successfully in reducing the number of full-time employees to about 54 by the end of June 2016.

Although no significant improvement is shown in the business environment, the recent global stock market showed signs of regaining vitality. It is expected that the economy will improve as a consequence of capital inflow revitalising stock market which helps to restore the Group's existing customer demand for the exhibition market. The Group will continue to strengthen its own competitive advantages. In addition to expanding and upgrading the existing trade fairs, the Group will also introduce more brand new and diverse exhibition for clients.

PROSPECTS

In addition to organising new exhibition, the Group will take full advantages of all tangible and intangible assets acquired to organise a greater variety of exhibitions with innovations. For example, the Group successfully acquired a license to use a licensing to "Ultraman" (Hong Kong nickname 鹹蛋超人) until March 2020 in Hong Kong, Macau and Taiwan. The license allows the Group to have the right to exploit all series and types of Ultraman from TV programs and movies produced from 1996 to 2016 ("**Ultraman Licensed Rights**") and to sublicense all intellectual properties at any time and such other intellectual property rights derived from Ultraman Licensed Right and its related intangible property that is acknowledged general rights by the law.

The Group will take hold of this opportunity and collaborate with manufacturers to organise large-scale exhibitions with the theme of "Ultraman" in Macau and Taiwan. Furthermore, the Group will continue to identify suitable acquisition opportunities such as franchise theme, or virtual online exhibition platform.

Ge Jin
Chairman
Hong Kong, 28 September 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

General Overview

For the year ended 30 June 2016, the Group recorded a total revenue of approximately HK$160,289,000 (2015: approximately HK$188,314,000), representing a decline of 14.9% for the corresponding period of last year. The decline in turnover was mainly due to keen competition among exhibition organisers and the unfavourable global economic atmosphere which led to a decrease in exhibitors' incentive of participating in trade fairs. For the year ended 30 June 2016, revenue from organisation of exhibitions accounted for 99.4% (2015: 95.4%) of the total revenue, while revenue from provision of exhibition-related services accounted for 0.6% (2015: 4.6%) of the total revenue.

During the year, loss before taxation was approximately HK$64,544,000 (2015: profit before taxation was approximately HK$50,955,000) representing a decrease of approximately HK$115,499,000 compared to the last year which was mainly due to the net loss on financial asset at fair value through profit or loss of approximately HK$40,994,000 and the absence of the one-off gain on disposal of Idea Trade Limited ("**Idea Trade**") for the year ended 30 June 2015 amounted to approximately HK$40,851,000.

Organisation of Exhibitions

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

During the year ended 30 June 2016, revenue generated from the organisation of exhibitions accounted for approximately HK$159,333,000 (2015: approximately HK$179,733,000), representing a decrease of 11.4%. With the uncertain global economic climate, we believe that exhibitors were more cautious in their spending and they might also be reducing their budget for participating in trade fairs; this factor coupled with the change of our sales agents during the year ended 30 June 2016 ("**Reporting Period**"), led to a drop in our participation income of approximately HK$24,000,000 for Mega Show Series and the undesirable participation rate also led to a suspension of Home Appliances, Lighting & Electronics Exhibition ("**ALEEX**") in October 2015 and April 2016 which contributed a turnover of approximately HK$4,590,000 during the corresponding period of last year. In order to meet the keen competition among competitors and diversify the categories of trade fair, the Group has launched a brand new fair, named Macao International Gem Fair ("**Gem Fair**") in July 2015 which contributed a turnover of approximately HK$7,063,000. The change of sales agents, the engagement of new sales agents and the sales agents for Gem Fair increased our agency commission to approximately HK$4,958,000 (2015: approximately HK$3,220,000).

Exhibition-related services

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

For the year ended 30 June 2016, revenue generated from exhibition-related services was approximately HK$898,000 (2015: approximately HK$8,497,000), representing a decrease of 89.4%. In order to save the human resources on the provision of additional facilities to exhibitors and to reduce the booth construction cost, the Group has outsourced the respective services to another service provider of Mega Show Part 1 held in October 2015 and resulted in a decrease in revenue of approximately HK$6,996,000.

Ancillary services

We have also provided ancillary services for trade shows and exhibitions. The Group recorded a revenue from provision of ancillary service for the year ended 30 June 2016 of approximately HK$58,000 (2015: approximately HK$84,000) such decrease was due to the decrease in advertising income generated from the advertisements of the exhibitors published in the show magazines.

Roadshows

On 3 June 2016, we have entered into a sub-license agreement with Dorian Concept (Group) Limited ("**Dorian Concept**") for the right to use the Ultraman intellectual properties to organise roadshows in Hong Kong, Taiwan and Macau. During the year under review, no roadshow had been organised and no income was recorded for this segment.

Major Events during the Year

On 4 September 2015, the Company entered into the non-legally binding memorandum of understanding with International Investment & Cooperation Promotion Bureau of Huangdao District*（黃島區國際招商局）in relation to the possible investment ("**Possible Investment**") in Qingdao, Shandong Province, the People's Republic of China ("**PRC**"). For details, please refer to the announcement of the Company dated 4 September 2015.

On 27 November 2015, the Company has engaged in a very early stage negotiation with an independent third party on the potential acquisition ("**Potential Acquisition**") of the entire issued share capital of a company which is principally engaged in the provision of hotel management services in Thailand. For details, please refer to the announcement of the Company dated 27 November 2015.

The Possible Investment and the Potential Acquisition were undertaken with the hope to provide the Group with the opportunity to leverage on its extensive experience in event and logistics management in the organisation of exhibitions and conferences and the future operation and management of the related projects. However, no further progress has been made after extensive business due diligence on the two projects due to the downturn of the economy.

On 21 January 2016, Integral Wealth Limited, an indirect wholly-owned subsidiary of the Company ("**Integral Wealth**") as purchaser, entered into the non-legally binding letter of intent ("**LOI**") with Dorian Concept, an independent third party, in respect of the possible acquisition of an indirect wholly-owned subsidiary of Dorian Concept ("**Target Company**") and a deposit ("**Deposit**") of HK$20,000,000 has been paid upon the signing of the LOI. The Target Company is a company to be established to hold the rights to use the Ultraman intellectual properties in Hong Kong, Taiwan and Macau ("**Licensed Rights**") for roadshows, events, exhibitions, etc. For details, please refer to the announcement of the Company dated 21 January 2016.

On 8 April 2016, and further to the LOI, Integral Wealth, Almighty Captain Limited ("**Vendor**") and Mr. Lau Cheuk Yiu ("**Guarantor**") entered into a sale and purchase agreement ("**Agreement**") pursuant to which Integral Wealth has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the entire issued share capital of Treasure Spy Limited ("**Treasure Spy**") at the consideration of HK$150,000,000, of which HK$100,000,000 shall be settled by cash and the balance of HK$50,000,000 shall be settled by the issuance of the promissory note. The Guarantor has agreed to guarantee the Vendor's obligations under the Agreement. On 6 May 2016, Integral Wealth and the Vendor entered into a deed of termination ("**Termination Deed**") whereby the parties have agreed to terminate the Agreement and to release and discharge each other from its respective obligations under the Agreement with effect from the date of the Termination Deed. For details, please refer to the announcements of the Company dated 8 April 2016 and 6 May 2016.

* *the English translation of Chinese name is for identification purpose and should not be regarded as the official English translation of Chinese name.*

On 3 June 2016, Up Huge Corporation Limited, an indirect wholly-owned subsidiary of the Company ("**Sub-Licensee**") entered into the sub-license agreement ("**Sub-License Agreement**") with Dorian Concept (the "**Licensee**") in relation to, among others, the sub-license of the Licensed Rights by the Licensee to the Sub-Licensee at a consideration of HK$50,000,000, which shall be settled in cash. Pursuant to the Sub-License Agreement, the Licensee shall grant to the Sub-Licensee an exclusive, non-transferable sub-license to use the Licensed Rights at roadshows, events and exhibitions in Hong Kong, Macau and Taiwan. For details, please refer to the announcement of the Company dated 3 June 2016.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing

As at 30 June 2016, the Group has total assets of approximately HK$204,340,000 (2015: approximately HK$275,492,000) which was financed by current liabilities of approximately HK$115,358,000 (2015: approximately HK$117,740,000), non-controlling interest of approximately HK$1,418,000 (2015: approximately HK$53,000) and shareholders' equity of approximately HK$88,982,000 (2015: approximately HK$157,752,000). During the year, the Group invested its idle cash in financial assets. The decrease in market value of such financial assets contributed to the decrease in the total assets of the Group.

The cash and cash equivalents of the Group as at 30 June 2016 was mainly denominated in Hong Kong dollars ("**HK$**"), United States dollars ("**USD**") and Renminbi ("**RMB**").

As at 30 June 2016, the Group's current ratio was 1.27 (2015: 2.30); and since the Group did not have any debts, no gearing ratio presented (2015: 0.1%).

As at 30 June 2015 and 2016, the Group did not pledge any of its assets and had no material capital commitment and contingent liabilities. The Group did not have any charges on its assets as at 30 June 2015 and 2016.

Capital Structure

Shareholders' equity decreased to approximately HK$88,982,000 as at 30 June 2016 from approximately HK$157,752,000 as at 30 June 2015. The main reason for the change is the total comprehensive loss during the year of approximately HK$68,770,000. As at 30 June 2016, the Group did not have any long term debts (2015: Nil).

Significant Investments

A net loss of approximately HK$40,994,000 was recognised for the Group's financial assets at fair value through profit or loss during the Reporting Period. The Group held a diversified portfolio of listed investments during the year ended 30 June 2016 (2015: Nil), and details of the more significant investments are as follows:

Top 5 stocks in terms of market value as at 30 June 2016

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at 30 June 2016	Percentage of shares held as at 30 June 2016	Investment cost as at 30 June 2016 HK$'000	Market value as at 30 June 2016 HK$'000	Percentage to total assets value of the Group as at 30 June 2016
Ding He Mining Holdings Limited	705	Mining of dolomite and manufacture of magnesium ingots, exploration of iron ore, coal and manganese, extraction and bottling of mineral water.	120,006,000	2.18%	18,950	11,401	5.58%
Co-Prosperity Holdings Limited	707	Processing, printing and sales of finished fabrics; and trading of fabrics and clothing.	30,000,000	0.91%	12,724	7,800	3.82%
Leyou Technologies Holdings Limited	1089	Trading and manufacturing of chicken meat products, animal feeds and chicken breeds.	17,945,000	0.63%	15,762	17,945	8.78%
Hong Kong Life Sciences and Technologies Group Limited	8085	Anti-aging and stem cell technology businesses; trading business; money lending business; and securities investment.	115,396,000	2.43%	22,127	16,732	8.19%

Name of unlisted investment	Brief description of the business	Number of units held as at 30 June 2016	Investment cost as at 30 June 2016 HK$'000	Market value as at 30 June 2016 HK$'000	Percentage to total assets value of the Group as at 30 June 2016
KKC Capital High Growth Fund Segregated Portfolio	Focus on long-term capital gain; the fund's non-cash investments primarily invest in Hong Kong equities, which is managed by KKC Capital Limited. Investment advisor is Avia Asset Management Limited ("**Avia**"). Avia is licensed with the Hong Kong Securities and Futures Commission ("**HKSFC**") for Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.	13,000	13,000	6,519	3.19%

Top 5 gains/(losses) for the year ended 30 June 2016

Name of stock listed on the Stock Exchange	Stock code	Realised gain/(loss) for the year ended 30 June 2016 HK$'000	Unrealised (loss) for the year ended 30 June 2016 HK$'000	Dividend received for the year ended 30 June 2016 HK$'000
Ding He Mining Holdings Limited	705	–	(7,550)	–
Aurum Pacific (China) Group Limited	8148	–	(10,077)	–
Co-Prosperity Holdings Limited	707	(212)	(4,924)	–
Hong Kong Life Sciences and Technologies Group Limited	8085	–	(5,395)	–
China Minsheng Drawin Technology Group Limited	726	(788)	–	–
China Water Industry Group Limited	1129	(3,164)	–	–
Sino Haijing Holdings Limited	1106	(1,962)	(1,209)	–
Global Energy Resources International Group Limited	8192	940	–	–

Name of unlisted investment	Realised gain/(loss) for the year ended 30 June 2016 HK$'000	Unrealised loss for the year ended 30 June 2016 HK$'000	Dividend received for the year ended 30 June 2016 HK$'000
KKC Capital High Growth Fund Segregated Portfolio	–	(6,481)	–

Top 5 stocks in terms of market value as at 31 December 2015

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at 31 December 2015	Percentage of shares held as at 31 December 2015	Investment cost as at 31 December 2015 HK$'000	Market value as at 31 December 2015 HK$'000	Percentage to total assets of the Group as at 31 December 2015
Ding He Mining Holdings Limited	705	Mining of dolomite and manufacture of magnesium ingots, exploration of iron ore, coal and manganese, extraction and bottling of mineral water.	120,006,000	2.18%	18,950	15,241	7.25%
Aurum Pacific (China) Group Limited	8148	Developing and marketing of the patented server based technology, provision of communications software platform, website development, education and communications software platform; and money lending business.	112,200,000	2.23%	11,805	9,200	4.38%
Leyou Technologies Holdings Limited	1089	Trading and manufacturing of chicken meat products, animal feeds and chicken breeds.	17,945,000	0.63%	15,762	13,459	6.40%
China Water Industry Group Limited	1129	Provision of water supply and sewage treatment services; construction of water supply and sewage treatment infrastructure; and exploitation and sale of renewable energy in the PRC.	7,400,000	0.46%	12,854	12,062	5.74%
Hong Kong Life Sciences and Technologies Group Limited	8085	Anti-aging and stem cell technology businesses; trading business; money lending business; and securities investment.	115,396,000	2.43%	22,127	18,463	8.78%

Top 5 gains/(losses) for the period ended 31 December 2015

Name of stock listed on the Stock Exchange	Stock code	Realised gain/(loss) for the six months ended 31 December 2015 HK$'000	Unrealised (loss) for the six months ended 31 December 2015 HK$'000	Dividend received for the six months ended 31 December 2015 HK$'000
Ding He Mining Holdings Limited	705	–	(3,709)	–
Aurum Pacific (China) Group Limited	8148	–	(2,605)	–
Co-Prosperity Holdings Limited	707	(212)	(4,474)	–
China Minsheng Drawin Technology Group Limited	726	(411)	(272)	–
Leyou Technologies Holdings Limited	1089	–	(2,303)	–
Hong Kong Life Sciences and Technologies Group Limited	8085	–	(3,664)	–
Sino Haijing Holdings Limited	1106	(573)	(2,200)	–
Global Energy Resources International Group Limited	8192	940	–	–

In view of the fluctuations in the global and local financial markets, the Group's portfolio of securities recorded a net loss on financial asset at fair value through profit or loss of approximately HK$40,994,000 for the year ended 30 June 2016.

Share subdivision of the Company

On 20 August 2015, the Company proposed that each of the issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company to be subdivided into five subdivided shares of HK$0.002 each ("**Subdivided Shares**"). An extraordinary general meeting of the Company was convened and held on 21 September 2015 and the resolution in relation to such share subdivision was passed by the Company's shareholders as an ordinary resolution. With effect from 22 September 2015, the board lot size was changed from 2,000 shares to 5,000 Subdivided Shares. For details, please refer to the announcement of the Company dated 20 August 2015, the circular of the Company dated 28 August 2015 and the poll results announcement of the Company dated 21 September 2015.

Material Acquisition and Disposal

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

Exposure to Fluctuation in Exchange Rates

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

Employee and Remuneration Policy

As at 30 June 2016, the Group had a total of 54 full-time employees in Hong Kong and the PRC. The remuneration payable to its employees included salaries, discretionary bonus and commission. Remuneration packages were generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits to its employees.

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

Prospect

Global economic setback and the highly volatile financial markets affected the export performance of the Asian region in 2015 and the Group was facing global macro-economic challenges which are beyond the control of the Group. The significant 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 1 and 2. Echoing the analysis of the economic performance in 2015 and the economic outlook for 2016 included in the Budget Speech, export of goods in Hong Kong recorded the first annual decline since 2009. Inbound tourism was weak and retail sales also recorded its first annual decline since 2009. Economic growth continued to face downward pressure and it saw a slow down to a 0.8% growth in the first quarter of 2016. We also believe that economic environment and politics can be closely affecting each other, and social conflicts and political volatility, if continue, will certainly impact on the already adverse economic environment that Hong Kong is facing.

Looking ahead, we believe the global economic environment will continue to be unsteady, the different monetary and interest rate policies adopted by the US Federal Reserve Board and the central banks in the Eurozone and Japan are also likely to cause volatility in the international financial markets. We also believe that China's economy is also facing downward pressure.

Facing the challenges ahead, we will adopt a cautious approach in managing our business operations and evaluating business development opportunities. We may consider cautiously reducing our capital and human resources commitment in Hong Kong-based trade shows to minimise possible exposure to the uncertainties ahead while exploring business opportunities outside of Hong Kong; and we may also be cautiously looking at opportunities in diversifying our income sources.

For trade shows in Hong Kong, albeit we may consider to cautiously downsizing our capital and human resources involvement to minimise our possible exposure to the uncertainties ahead, we will continue to improve on the management of the shows to improve their attractiveness and enhance their competitiveness. Although the global economic outlook continue to be gloomy, we will continue to explore business opportunities for managing or providing services to overseas trade shows.

The Group is facing competition in the expo industry in Hong Kong as well as other nearby areas and with the downturn of the economy. The Company will maintain its promotional exposure and explore in new kinds of expo and exhibition. The Group will begin to search for venues in areas such as Taiwan and Macau and to commence new roadshows, events and exhibition and utilising the new Sub-Licensed intellectual property of Ultraman. The Group will also continue to explore new areas and industries for expo and exhibition opportunities to diversify the income source including but not limited to acquiring profitable projects and entering into new venture projects.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2016 (2015: Nil).

CORPORATE GOVERNANCE REPORT

The Board of the Company is pleased to present the corporate governance report for the year ended 30 June 2016 ("**Period**"). This report describes how the Group has applied its corporate governance practices to its daily activities.

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

The Directors consider that, during the Period, the Company applied the principles and complied with all applicable code provisions except for the following deviations:

- Under the code provision A.2.1 of the CG Code, the roles of chairman ("**Chairman**") and chief executive officer ("**CEO**") of the Group should be separate and should not be performed by the same individual.

  The two positions were previously taken up by Mr. Lee Chi Sang. Upon the resignation of Mr. Lee Chi Sang as an executive Director ("**ED**"), Chairman, CEO, the chairman of the nomination committee of the Board ("**Nomination Committee**") and member of the Remuneration Committee with effect from 31 July 2015, and the appointment of Mr. Lam Wa as Chairman (who resigned on 29 April 2016) and Mr. Sun Sizhi as the CEO both with effect from 31 July 2015, the two positions were since then separated.

- Code provision E.1.2 of the CG Code requires that the Chairman should attend the annual general meeting, Mr. Lam Wa, the then Chairman, did not attend the 2015 annual general meeting of the Company held on 18 December 2015 due to his engagement in his other business.

- Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election. The term of appointment of Mr. Yeung Chun Yue, David and Mr. Choi Hung Fai, both being independent non-executive Directors, expired on 2 December 2015 and 17 July 2016 respectively, and thereafter they are not appointed for a specific term, but they are subject to retirement by rotation at least once in every three years in accordance with the articles of association of the Company ("**Articles**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. In response to specific enquiry made by the Company, each of the Directors confirmed that he/she had complied with the Model Code throughout the Period.

CONSTITUTIONAL DOCUMENTS

Subsequent to the adoption of the Articles upon listing of the shares of the Company on the Stock Exchange pursuant to the shareholders resolution of the Company passed on 18 October 2013, no amendment to the Memorandum and Articles of the Company was made during the Period.

BOARD OF DIRECTORS

Board Composition

As at 30 June 2016, the Board comprises four executive directors ("**EDs**"), and three independent non-executive Directors ("**INEDs**"). The composition of the Board and its changes during the Period and up to date of this annual report are as follows:

Executive Directors
Mr. Ge Jin *(Chairman)* (appointed on 29 April 2016)
Mr. Liu Gejiang
Mr. Sun Sizhi (appointed on 31 July 2015)
Ms. Yang Yan (appointed on 22 April 2016)
Mr. Lee Chi Sang (resigned on 31 July 2015)
Mr. Si Tze Fung (resigned on 9 November 2015)
Mr. Du Changqing (appointed on 9 November 2015 and resigned on 18 January 2016)
Mr. Lam Wa (appointed on 31 July 2015 and resigned on 29 April 2016)

Independent Non-executive Directors
Mr. Yeung Chun Yue, David
Mr. Choi Hung Fai (appointed on 17 July 2015)
Mr. Yang Bo (appointed on 9 November 2015)
Mr. Law Sung Ching, Gavin (resigned on 17 July 2015)
Mr. Wong Ka Fai, Paul (resigned on 9 November 2015)

The biographical details, relationships among them and the terms of appointment of the Directors (including the INEDs) as at 30 June 2016 are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

The Board believes that it has a balanced composition of EDs and INEDs and there is a strong independent element on the Board, which can effectively exercise independent judgment. As at 30 June 2016, the Company has three INEDs who provide the Group with adequate check and balance. Each of them is considered to be independent and has complied with the provisions set out in Rule 3.13 of the Listing Rules. All of them are identified as such in all communications that disclose the names of the Directors. Their functions are not only limited to a restricted scope and they have contributed to the Group with diversified industry expertise, and adviced on the Group's management and proceedings.

One of the three INEDs, namely Mr. Yeung Chun Yue, David, has professional qualifications in accounting or related financial management expertise.

Responsibilities of the Board and Delegation

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

Chairman and Chief Executive Officer

Mr. Ge Jin is the chairman of the Board and is mainly responsible for providing leadership and directions to the Board. Mr. Sun Sizhi is the chief executive officer of the Company, and is responsible for overseeing the management of the Group's business with the assistance of the Group's senior management team.

Appointments, Re-election and Removal of Directors

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

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

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

Board Meetings

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

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

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

To ensure a competent Board operation, all Directors gave sufficient time and attention to the affairs of the Group during the Period. During the Period, 30 Board meetings (excluding delegated committees' meetings) were held and attendance of each Director is set out as follows:

Name of Director	Number of attendance	Number of meetings held during term of office
Executive Directors		
Mr. Ge Jin *(Chairman)* (appointed on 29 April 2016)	2	4
Mr. Liu Gejiang	27	30
Mr. Sun Sizhi (appointed on 31 July 2015)	19	24
Ms. Yang Yan (appointed on 22 April 2016)	3	5
Mr. Lee Chi Sang (resigned on 31 July 2015)	5	6
Mr. Si Tze Fung (resigned on 9 November 2015)	9	13
Mr. Du Changqing (appointed on 9 November 2015 and resigned on 18 January 2016)	2	4
Mr. Lam Wa (appointed on 31 July 2015 and resigned on 29 April 2016)	4	20
Independent Non-executive Directors		
Mr. Yeung Chun Yue, David	23	30
Mr. Choi Hung Fai (appointed on 17 July 2015)	17	27
Mr. Yang Bo (appointed on 9 November 2015)	10	17
Mr. Law Sung Ching, Gavin (resigned on 17 July 2015)	1	3
Mr. Wong Ka Fai, Paul (resigned on 9 November 2015)	12	13

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

Directors' Induction and Continuing Professional Development

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

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

Name of Director	Reading materials relevant to the Company's business or to their duties and responsibilities	Attending training courses on the topics related to corporate governance or regulations
Executive Directors		
Mr. Ge Jin *(Chairman)* (appointed on 29 April 2016)	✓	✓
Mr. Liu Gejiang	✓	✓
Mr. Sun Sizhi (appointed on 31 July 2015)	✓	✓
Ms. Yang Yan (appointed on 22 April 2016)	✓	✓
Mr. Lee Chi Sang (resigned on 31 July 2015)	N/A	N/A
Mr. Si Tze Fung (resigned on 9 November 2015)	N/A	N/A
Mr. Du Changqing (appointed on 9 November 2015 and resigned on 18 January 2016)	✓	✓
Mr. Lam Wa (appointed on 31 July 2015 and resigned on 29 April 2016)	✓	✓
Independent Non-executive Directors		
Mr. Yeung Chun Yue, David	✓	✓
Mr. Choi Hung Fai (appointed on 17 July 2015)	✓	✓
Mr. Yang Bo (appointed on 9 November 2015)	✓	✓
Mr. Law Sung Ching, Gavin (resigned on 17 July 2015)	N/A	N/A
Mr. Wong Ka Fai, Paul (resigned on 9 November 2015)	N/A	N/A

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

Board Diversity Policy

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

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

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

GENERAL MEETINGS

During the Period, 2 general meetings were held, being the extraordinary general meeting of the Company held on 21 September 2015 and the 2015 annual general meeting of the Company held on 18 December 2015. The attendance of each Director is set out as follows:

Name of Director	**Number of attendance**	**Number of meetings held during term of office**
Executive Directors		
Mr. Ge Jin *(Chairman)* (appointed on 29 April 2016)	–	–
Mr. Liu Gejiang	1	2
Mr. Sun Sizhi (appointed on 31 July 2015)	2	2
Ms. Yang Yan (appointed on 22 April 2016)	–	–
Mr. Lee Chi Sang (resigned on 31 July 2015)	–	–
Mr. Si Tze Fung (resigned on 9 November 2015)	–	1
Mr. Du Changqing (appointed on 9 November 2015 and resigned on 18 January 2016)	1	1
Mr. Lam Wa (appointed on 31 July 2015 and resigned on 29 April 2016)	–	2
Independent Non-executive Directors		
Mr. Yeung Chun Yue, David	2	2
Mr. Choi Hung Fai (appointed on 17 July 2015)	1	2
Mr. Yang Bo (appointed on 9 November 2015)	–	1
Mr. Law Sung Ching, Gavin (resigned on 17 July 2015)	–	–
Mr. Wong Ka Fai, Paul (resigned on 9 November 2015)	1	1

BOARD COMMITTEES

Remuneration Committee

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

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

The Remuneration Committee conducts review of the remuneration policy and structure of the Directors and senior management which will take into account the prevailing market condition and the responsibility of individual members on a yearly basis.

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

In the band of	**Number of individuals**
Nil to HK$1,000,000	2
HK$1,000,001 to HK$2,000,000	–

As at 30 June 2016, a majority of the Remuneration Committee's members are INEDs. During the Period, 6 committee meetings were held for (1) reviewing the remuneration policy and structure for all Directors and senior management and (2) making recommendation to the Board on the proposed remuneration of new Directors. The attendance of each member as to such meeting is set out as follows:

Remuneration Committee member	**Number of attendance**	**Number of meetings held during term of office**
Executive Directors		
Mr. Ge Jin (appointed on 29 April 2016)	–	–
Mr. Lam Wa (appointed on 31 July 2015 and resigned on 29 April 2016)	–	4
Mr. Lee Chi Sang (resigned on 31 July 2015)	2	2
Independent Non-executive Directors		
Mr. Yeung Chun Yue, David	6	6
Mr. Yang Bo (appointed on 9 November 2015) *(Note)*	2	2
Mr. Wong Ka Fai, Paul (resigned on 9 November 2015) *(Note)*	4	4

Note: Mr. Yang Bo replaced Mr. Wong Ka Fai, Paul as chairman of the committee following Mr. Wong Ka Fai, Paul's cessation as chairman of the committee on 9 November 2015.

Nomination Committee

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

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

The Nomination Committee will review the size and composition of the Board and assess the independence of the INEDs on an annual basis. During the Period, 7 committee meetings were held for (1) reviewing the structure, size and composition of the Board, (2) reviewing the independence of the INEDs, and (3) making recommendation to the Board on the appointment of Directors. The attendance of each member as to such meeting is set out as follows:

Nomination Committee member	**Number of attendance**	**Number of meetings held during term of office**
Executive Directors		
Mr. Ge Jin (appointed on 29 April 2016) *(Note)*	–	–
Mr. Lam Wa (appointed on 31 July 2015 and resigned on 29 April 2016) *(Note)*	–	5
Mr. Lee Chi Sang (resigned on 31 July 2015) *(Note)*	2	2
Independent Non-executive Directors		
Mr. Choi Hung Fai (appointed on 17 July 2015)	6	6
Mr. Yang Bo (appointed on 9 November 2015)	3	3
Mr. Wong Ka Fai, Paul (resigned on 9 November 2015)	4	4
Mr. Law Sung Ching, Gavin (resigned on 17 July 2015)	–	1

Note: Mr. Lam Wa replaced Mr. Lee Chi Sang as chairman of the committee following Mr. Lee Chi Sang's cessation as chairman of the committee on 31 July 2015. Mr. Ge Jin replaced Mr. Lam Wa as chairman of the committee following Mr. Lam Wa's cessation as chairman of the committee on 29 April 2016.

Audit Committee

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

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

During the Period, the Audit Committee reviewed the consolidated financial statements for the year ended 30 June 2015 and consolidated financial statements for the six months ended 31 December 2015, including the Group's adopted accounting principles and practices, internal control systems and financial reporting matters (in conjunction with the external auditor for the annual results). The Audit Committee also monitors the effectiveness of the external audit and oversees the appointment, remuneration and terms of engagement of the Company's external auditor, as well as its independence. The Audit Committee endorsed the accounting treatments adopted by the Company and, to the best of its ability assured itself that the disclosures of the financial information in this annual report comply with the applicable accounting standards and Appendix 16 to the Listing Rules.

As at 30 June 2016, the Audit Committee comprised three INEDs. During the Period, 2 committee meetings were held pursuant to its terms of reference and the attendance of each member as to such meeting is set out as follows:

Audit Committee member	**Number of attendance**	**Number of meetings held during term of office**
Independent Non-executive Directors		
Mr. Yeung Chun Yue, David *(Chairman)*	2	2
Mr. Choi Hung Fai (appointed on 17 July 2015)	2	2
Mr. Yang Bo (appointed on 9 November 2015)	1	1
Mr. Wong Ka Fai, Paul (resigned on 9 November 2015)	1	1
Mr. Law Sung Ching, Gavin (resigned on 17 July 2015)	–	–

COMPANY SECRETARY

Mr. Yau Yan Ming, Raymond ("**Mr. Yau**") was appointed as the company secretary with effect from 7 May 2015. Mr. Yau is responsible for supporting the Board, ensuring good information flow within the Board and Board policy and procedures are followed, advising the Board on governance matters, facilitating induction and, monitoring the training and continuous professional development of Directors. He has attained no less than 15 hours of relevant professional training during the Period. His biography is set out in page 35 of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

FINANCIAL REPORTING AND AUDIT

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

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

AUDITORS' REMUNERATION

During the Period, the Group's external auditor provided the following services to the Group:

	HK$'000
Audit services	1,500
Non-audit services	85
Total	1,585

CORPORATE GOVERNANCE FUNCTIONS

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

During the Period, the Board has reviewed the corporate governance report and the training and continuous professional development of directors and senior management for the year ended 30 June 2015 in discharge of its corporate governance functions. The Board will ensure compliance with the CG Code.

INTERNAL CONTROL

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

A review of the effectiveness of the Group's internal control systems has been conducted by the Board. The Audit Committee and the Board will review the adequacy of the key areas of the Group's internal control systems.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

General Meetings with Shareholders

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

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

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

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

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

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

Investor Relations

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

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

PRINCIPAL ACTIVITIES

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

As far as the Company is aware, for the year ended 30 June 2016, it has complied in material aspect with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

BUSINESS REVIEW

A fair review of the Group's business, including the likely future developments, principal risks and uncertainties facing by the Group, analysis using financial key performance indicators, is discussed under the sections headed "Chairman's Statement" and "Management Discussion and Analysis". Such discussion forms an integrate part of this report. In addition, the financial risk management objectives and policies of the Group is set out in Note 5 to the consolidated financial statements.

Environmental Policies and Performance

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. For instance, the Group endeavors to save electricity and encourage recycle of office supplies and other materials.

Compliance with the Relevant Laws and Regulations

During the Period, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operation of the Group.

Key Relationships with Employees, Customers and Suppliers

The Group's management policies, working environment, career prospects and employees' benefits have contributed to building a good employee relations and employee retention of the Group. The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including medical benefits, social insurance, provident funds, bonuses and a share option scheme. The management regularly reviews its employee's remuneration packages to ensure they are up to prevailing market standard. The Group has established long-term business relationships with its major suppliers and customers. The Group will endeavor to maintain its established relationship with these existing suppliers and customers.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2016 (2015: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 96 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Period are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company during the year ended 30 June 2016.

RESERVES

Details of movements in the reserves of the Company and of the Group during the Period are set out in Note 28 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

CHARITABLE CONTRIBUTIONS

No charitable and other donations were made by the Group during the Period (2015: Nil).

DISTRIBUTABLE RESERVES

Details of the Company's distributable reserves as at 30 June 2016 are set out in Note 28 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1) (a) of the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

MAJOR CUSTOMERS AND SUPPLIERS

During the Period, revenue generated from the Group's five largest customers accounted for about 18.4% (2015: 23.8%) of the Group's total revenue for the year and the revenue from the largest customer included therein accounted for about 8.1% (2015: 10.8%) of the Group's total revenue.

During the Period, the fees paid to the Group's five largest suppliers accounted for about 27.3% (2015: 28.4%) of the Group's total operating cost for the year and supplies from the largest supplier included therein accounted for about 11.1% (2015: 17.9%) of the Group's total operating cost.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers for the year ended 30 June 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS

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

Executive Directors:
Mr. Ge Jin *(Chairman)* (appointed on 29 April 2016)
Mr. Liu Gejiang
Mr. Sun Sizhi (appointed on 31 July 2015)
Ms. Yang Yan (appointed on 22 April 2016)
Mr. Lee Chi Sang (resigned on 31 July 2015)
Mr. Si Tze Fung (resigned on 9 November 2015)
Mr. Du Changqing (appointed on 9 November 2015 and resigned on 18 January 2016)
Mr. Lam Wa (appointed on 31 July 2015 and resigned on 29 April 2016)

Independent Non-executive Directors:
Mr. Yeung Chun Yue, David
Mr. Choi Hung Fai (appointed on 17 July 2015)
Mr. Yang Bo (appointed on 9 November 2015)
Mr. Law Sung Ching, Gavin (resigned on 17 July 2015)
Mr. Wong Ka Fai, Paul (resigned on 9 November 2015)

In accordance with Article 109 of the Articles, any Director appointed by the Board to fill a casual vacancy of the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

In accordance with Article 105(A) of the Articles, at each annual general meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest but not less than one-third, shall retire from office by rotation.

INDEPENDENCE CONFIRMATIONS FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the INEDs a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its INEDs are independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Ge Jin entered into a service agreement with the Company on 29 April 2016 for an initial term of three years commencing on 29 April 2016 which will continue thereafter.

Mr. Liu Gejiang entered into a service agreement with the Company on 5 June 2015 for an initial term of three years commencing on 5 June 2015 which will continue thereafter.

Mr. Sun Sizhi entered into a service agreement with the Company on 31 July 2015 for an initial term of three years commencing on 31 July 2015 which will continue thereafter.

Ms. Yang Yan entered into a service agreement with the Company on 22 April 2016 for an initial term of three years commencing on 22 April 2016 which will continue thereafter.

Mr. Yeung Chun Yue, David signed an appointment letter issued by the Company on 2 December 2014 for a term of one year, which expired on 2 December 2015.

Mr. Choi Hung Fai signed an appointment letter issued by the Company on 17 July 2015 for a term of one year, which expired on 17 July 2016.

Mr. Yang Bo signed an appointment letter issued by the Company on 9 November 2015 for a term of one year.

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

DIRECTORS' REMUNERATION

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

Particulars of the Directors' remuneration for the year ended 30 June 2016 are set out in Note 10 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director of the Company or any entity connected with the Director had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

CONNECTED TRANSACTIONS

Details of the related party transactions undertaken in the usual course of business are set out in Note 31 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules which is required to be disclosed.

MANAGEMENT CONTRACT

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year ended 30 June 2016.

SHARE OPTION SCHEME

The Company operates a share option scheme ("**Share Option Scheme**") for the purpose of providing incentives or rewards to selected participants for their contributions to the Group. The Share Option Scheme was adopted by the Company on 18 October 2013 ("**Adoption Date**"). No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since the Adoption Date and there were no outstanding share options under the Share Option Scheme as at 30 June 2016.

Summary of terms

(i) Purpose and participants

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Eligible participants of the Share Option Scheme include the following classes of participants:

(a) any employee (whether full-time or part-time including any EDs but excluding any non-executive director) of the Company, any of the subsidiaries or any entity ("**Invested Entity**") in which the Group holds an equity interest;

(b) any non-executive directors (including INEDs) of the Company, any of the subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to the Group or any member of any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the growth of the 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.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his/her/its contribution to the development and growth of the Group.

(ii) Total number of Shares available for issue

The maximum number of Shares which may be allotted and 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 the Group shall not in aggregate exceed 30% of the issued share capital (the "**Issued Share Capital**") of the Company from time to time. The total number of Shares which may be allotted and issued upon the 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 schemes of the Group) to be granted under the Share Option Scheme and any other share option schemes of the Group as may from time to time be adopted by the Company as permitted under the Listing Rules initially must not, in aggregate, exceed 10% of the Issued Share Capital as at the time dealings in the Shares first commence on the Main Board of the Stock Exchange (and thereafter, if refreshed, shall not exceed 10% of the Issued Share Capital as at the date of approval of the refreshed limit by the shareholders). As at the date of this report, the maximum number of Shares that may be granted under the Share Option Scheme was 100,000,000 shares of the Company of HK$0.002 each, representing 8.33% of the issued shares of the Company as at the date of this report. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting with such participant and his associates abstaining from voting.

(iii) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the Issued Share Capital 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 must be separately approved by the shareholders in general meeting of the Company with such grantee and his associates abstaining from voting.

(iv) Period within which the Shares must be taken up under an option

An option may be exercised in accordance with the terms of Share Option Scheme at any time during a period to be determined and notified by the 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.

(v) Minimum period for which an option must be held before being exercised

Unless otherwise determined by the Directors and stated in the offer of the grant of options to an eligible participant, there is no minimum period required under Share Option Scheme for the holding of an option before it can be exercised.

(vi) Amount payable on acceptance of the option and the period within which payments must be paid

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon receipt by the Company of the payment of a nominal consideration of HK$1 and signed acceptance of offer by the eligible participant.

(vii) Basis of determining the exercise price

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant; (ii) the average closing price of the Shares for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

(viii) Remaining life

Subject to any earlier termination in accordance with its rules, the Share Option Scheme shall remain in force for a period of 10 years commencing on 18 October 2013. As at the date of this report, the Share Option Scheme had a remaining life of around eight years.

EQUITY-LINKED AGREEMENTS

Save as disclosed above in the paragraph headed "Share Option Scheme", no equity-linked agreements were entered into by the Group, or existed during the Period.

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

As at 30 June 2016, none of the Directors and the Company's chief executive, and their respective associates had any interests in the Shares in and underlying shares of the Company and its 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 provisions of the SFO) or pursuant to the Model Code, or were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO.

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

As at 30 June 2016, to the best of the knowledge and belief of the Directors, the following persons had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares/ underlying Shares held	Approximate percentage of shareholding
Quantum China Asset Management Limited	Investment manager	177,950,000 (L)	14.83%
Quantum Advantage Fund	Beneficial owner	100,000,000 (L)	8.33%

Note: The letter "L" denotes the corporation/person's long position (as defined under Part XV of the SFO) in the Shares.

AUDIT COMMITTEE, REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

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

TAX RELIEF

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Audit Committee comprises all the three INEDs, namely Mr. Yeung Chun Yue, David (chairman), Mr. Choi Hung Fai and Mr. Yang Bo. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee has reviewed with management the audited financial statements of the Company for the year ended 30 June 2016.

AUDITORS

HLB Hodgson Impey Cheng Limited will retire and a resolution for their re-appointment as auditor of the Company will be proposed at the AGM.

On behalf of the Board

Ge Jin
Chairman

Hong Kong, 28 September 2016

BOARD OF DIRECTORS

Executive Directors

Mr. Ge Jin（葛津）, aged 56, has over 10 years of corporate management experience in various medium to large scale state-owned enterprises in the PRC and over 14 years of experience in real estate and construction industry. Mr. Ge graduated from Anhui Normal University with a Bachelor's degree in Chinese language. He commenced working for China City Construction Holding Group Company since 2008 and had various roles there including assistant to the president, vice president and director. From 2014, Mr. Ge was and is still a director of Canada-China Natural Resource Fund (Hong Kong)*（中國－加拿大自然資源基金（香港））. He was an executive director of Yat Sing Holdings Limited (stock code: 3708), a company listed on the Main Board of the Stock Exchange from 30 September 2015 to 6 June 2016. Mr. Ge was appointed as an ED, the Chairman, chairman of the Nomination Committee and member of the Remuneration Committee of the Company on 29 April 2016.

Mr. Ge has received several important trainings in relation to real estate and construction, including the training for constructors from the Ministry of Construction of the PRC, CIOB training, contingency management training from China National School of Administration and State Administration of Work Safety.

Mr. Sun Sizhi（孫思志）, aged 47, has years of experience in real estate projects development, organisation and management of real estate companies, system and standard of real estate enterprises and legal process operation. Mr. Sun also has experience in golf real estate development and industry connection and also golf course management and operation and golf course construction. Mr. Sun is an intermediate real estate economist, a certified real estate valuer and a registered real estate agent. Mr. Sun graduated from Yunnan University and obtained a Bachelor Degree in Applied Mathematics in 1991. He received civil construction training in Guangzhou University from January 1993 to December 1994 and project management training from Beijing Huaxia Elite Training Centre*（北京華夏精英培訓中心）in 2002. Mr. Sun was office director and sales manager of Shenzhen Xuansheng Industrial Development Co., Ltd.*（深圳宣盛實業發展有限公司）from July 1991 to December 1999, manager of Nanfang Broadcasting*（南方廣電）under Beida Jade Bird Group Co., Ltd.*（北大青鳥集團有限公司）from January 2000 to July 2002, general manager of Beijing Xuanwei Group Co., Ltd.*（北京宣威集團有限公司）from July 2002 to December 2004, General Manager of a golf club company and Executive Deputy General Manager of a real estate company under Kingkey Group*（京基集團）(Shenzhen) from April 2005 to February 2010, and Deputy General Manager of Dongguan Mingju Real Estate Development Co., Ltd.*（東莞名巨房地產開發有限公司）from February to October 2014. Mr. Sun worked as a consultant of the Tianrui International*（天瑞國際）project in Anshun, Guizhou prior to joining Dongguan Mingju Real Estate Development Co., Ltd.*（東莞名巨房地產開發有限公司）. Mr. Sun was the executive director of Asia Resources Holdings Limited (stock code: 899), a company listed on the Main Board of the Stock Exchange, from December 2014 to January 2015. Mr. Sun was appointed as an independent non-executive director of Global Energy Resources International Group Limited (stock code: 8192), a company listed on the Growth Enterprise Market of the Stock Exchange with effect from 8 June 2015. Mr. Sun was appointed as an ED and CEO of the Company on 31 July 2015.

Mr. Liu Gejiang（劉舸江）, aged 30, has over 5 years of experience in the banking industry. Mr. Liu graduated with a bachelor's degree in business administration from the Ryerson University in June 2010. Mr. Liu joined the metallurgical industry financing department of the China Minsheng Bank in November 2010, and was appointed as an assistant to the general manager of the metallurgical industry financing department in December 2013. During Mr. Liu's service at the China Minsheng Bank, he was mainly responsible for providing various financial solutions to the customers. Mr. Liu was appointed as an ED of the Company on 5 June 2015.

Ms. Yang Yan（楊艷）, aged 44, graduated from the Faculty of Law of Xiangtan University in Hunan Province*（湖南省湘潭大學法律系）in 1994. She was granted the qualification as a lawyer and obtained the practising certificate in the PRC in 1995, with over 21 years' experience practising as a lawyer in the PRC. From 2010 to 2016, she was a partner of Hunan Yuntian Law Firm*（湖南雲天律師事務所）. She also acted as the legal advisor for the leading enterprises in different industries. Ms. Yang started doing business in Shenzhen in 2010. She was one of the founders of the first fund raising platform in Shenzhen and successfully raised funds for over 10 projects. She was also a co-founder of Shenzhen Chuangfu Promotion Association*（深圳創孵促進會）. In 2014, Ms. Yang acted as the legal counsel of Shenzhen Chuangfu Alliance*（深圳創孵聯盟）. Ms. Yang was appointed as an ED of the Company on 22 April 2016.

* *the English translation of the Chinese name is for identification purpose and should not be regarded as the official English translation of Chinese name.*

Independent Non-Executive Directors

Mr. Yeung Chun Yue, David（楊振宇）, aged 34, has over 11 years of experience in auditing, accounting and taxation consultation. Mr. Yeung is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Adviser of the Taxation Institute of Hong Kong. Mr. Yeung graduated with a bachelor's degree in business administration in accountancy from the City University of Hong Kong in November 2004 and was admitted as a partner of Cheng & Cheng Limited, Certified Public Accountants, in 2012. He is currently a Committee Member of the Panyu Committee of Chinese People's Political Consultative Conference. Mr. Yeung was appointed as an INED, chairman of the Audit Committee and member of the Remuneration Committee of the Company on 2 December 2014.

Mr. Choi Hung Fai（蔡雄輝）, aged 31, has over 7 years of experience in securities trading, corporate finance and project investment. Mr. Choi possesses knowledge in financial analysis, corporate finance, corporate valuation and corporate governance. Mr. Choi graduated with a bachelor's degree in business administration from the Chinese University of Hong Kong, and obtained a master of finance degree in corporate finance from the University of New South Wales in Australia. Mr. Choi was appointed as an INED, member of the Audit Committee and member of the Nomination Committee of the Company on 17 July 2015.

Mr. Choi is currently a vice-president of corporate finance department in RHB Capital Hong Kong Limited and a licensed representative of RHB Capital Hong Kong Limited for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Choi is principally responsible for advising on corporate finance activities, initial public offerings, merger & acquisitions and corporate restructurings for private and public companies in the PRC, Singapore, Malaysia and Hong Kong.

Mr. Yang Bo（楊波）, aged 37, has over 9 years of experience in the hotel and tourism industry. Mr. Yang graduated from Guangxi Education College*（廣西教育學院）in June 2004. Mr. Yang has experience in management in the cultural industries, and he currently serves as a general manager of Yangshuo Impression Liu Sanjie*（陽朔印象劉三姐實景演出）at Gui Lin Guangwei Wenhua Tourism and Culture Industry Co., Ltd.*（桂林廣維文華旅游文化產業有限公司）, which is principally engaged in art performance and musicals. Mr. Yang was appointed as an INED, chairman of the Remuneration Committee, member of the Audit Committee and member of the Nomination Committee of the Company on 9 November 2015.

COMPANY SECRETARY

Mr. Yau Yan Ming, Raymond（邱恩明）, aged 48, has over 19 years of experience in auditing, accounting, taxation, company secretarial, corporate finance and financial management, in both private and listed companies. Mr. Yau holds a master degree in science majoring in Japanese business studies and bachelor degree in business administration majoring in accounting in the United States of America. Mr. Yau is a member of both the Hong Kong Institute of Certified Public Accountants, American Institute of Certified Public Accountants and the Hong Kong Institute of Directors. Mr. Yau is also a Certified Tax Adviser of the Taxation Institute of Hong Kong.

Mr. Yau is currently an independent non-executive director of Chanceton Financial Group Limited (stock code: 8020) and Enterprise Development Holdings Limited (stock code: 1808), all of which are listed on the Stock Exchange. Mr. Yau was appointed as the company secretary of Leyou Technologies Holdings Limited (stock code: 1089), a company listed on the Main Board of the Stock Exchange with effect from 24 July 2015. Mr. Yau was appointed as the company secretary of the Company on 7 May 2015.

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

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

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

We have audited the consolidated financial statements of Mega Expo Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 38 to 95, which comprise the consolidated statements of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 28 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	7	**160,289**	188,314
Other revenue	8	**1,444**	1,123
Other gains and losses	9	**582**	(1,509)
Gain on disposal of a subsidiary	29	**–**	40,851
Net loss on financial asset at fair value through profit or loss	9	**(40,994)**	–
Advertising and promotion expenses		**(19,062)**	(25,711)
Agency commission		**(4,958)**	(3,220)
Exhibition rentals		**(29,539)**	(33,039)
Staff costs		**(41,695)**	(43,887)
Booth construction costs		**(16,704)**	(20,456)
Exhibition expenses		**(17,897)**	(12,277)
Other operating expenses		**(56,010)**	(39,234)
(Loss)/profit before tax	9	**(64,544)**	50,955
Taxation	11	**(4,167)**	(5,089)
(Loss)/profit for the year		**(68,711)**	45,866
Other comprehensive (loss)/income for the year			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		**(59)**	33
Total comprehensive (loss)/income for the year		**(68,770)**	45,899
(Loss)/profit for the year attributable to:			
Owners of the Company		**(67,346)**	45,919
Non-controlling interests		**(1,365)**	(53)
		(68,711)	45,866
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(67,405)**	45,952
Non-controlling interests		**(1,365)**	(53)
		(68,770)	45,899
			(Restated)
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted (HK cents)	13	**(6.86)**	4.09

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**8,507**	5,253
Intangible assets	15	**48,913**	–
Interest in associate	16	**7**	–
		57,427	5,253
Current assets			
Prepayments, deposits and other receivables	18	**53,704**	39,518
Financial assets at fair value through profit or loss	19	**64,827**	–
Cash and cash equivalents	20	**28,382**	230,721
		146,913	270,239
Current liabilities			
Receipts in advance	21	**70,130**	108,117
Accruals and other payables	22	**43,678**	4,434
Amount due to a shareholder	23	**8**	8
Amount due to a related company	24	**–**	362
Income tax payable		**1,542**	4,819
		115,358	117,740
Net current assets		**31,555**	152,499
Total assets less current liabilities		**88,982**	157,752
Net assets		**88,982**	157,752
EQUITY			
Capital and reserves			
Share capital	26	**2,400**	2,400
Reserves		**88,000**	155,405
Equity attributable to owners of the Company		**90,400**	157,805
Non-controlling interests		**(1,418)**	(53)
Total equity		**88,982**	157,752

Approved and authorised for issue by the Board on 28 September 2016 and signed on its behalf by:

Ge Jin
Chairman

Sun Sizhi
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Attributable to owners of the Company							
	Share capital HK$'000	**Share premium** HK$'000	**Exchange reserve** HK$'000 (note b)	**Other reserve** HK$'000 (note c)	**(Accumulated losses)/ retained profits** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 July 2014	2,000	53,559	(90)	(107)	4,946	60,308	–	60,308
Profit/(loss) for the year	–	–	–	–	45,919	45,919	(53)	45,866
Other comprehensive income for the year, net of tax	–	–	33	–	–	33	–	33
Total comprehensive income/(loss) for the year	–	–	33	–	45,919	45,952	(53)	45,899
Placing of shares	400	54,840	–	–	–	55,240	–	55,240
Expense incurred in connection with the placing of shares	–	(3,695)	–	–	–	(3,695)	–	(3,695)
At 30 June 2015 and 1 July 2015	2,400	104,704	(57)	(107)	50,865	157,805	(53)	157,752
Loss for the year	**–**	**–**	**–**	**–**	**(67,346)**	**(67,346)**	**(1,365)**	**(68,711)**
Other comprehensive loss for the year, net of tax	**–**	**–**	**(59)**	**–**	**–**	**(59)**	**–**	**(59)**
Total comprehensive loss for the year	**–**	**–**	**(59)**	**–**	**(67,346)**	**(67,405)**	**(1,365)**	**(68,770)**
At 30 June 2016	**2,400**	**104,704**	**(116)**	**(107)**	**(16,481)**	**90,400**	**(1,418)**	**88,982**

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

Notes

(a) 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$Nil as at 30 June 2016 (2015: HK$Nil).

(b) 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.

(c) 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 completion of reorganisation on 3 October 2013.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES			
(Loss)/profit before tax		**(64,544)**	50,955
Adjustments for:			
Depreciation of property, plant and equipment	14	**4,862**	3,673
Net exchange losses		**–**	1,930
Amortisation of intangible assets	15	**1,087**	–
Gain on disposal of a subsidiary	29	**–**	(40,851)
Loss on disposal of property, plant and equipment		**2**	43
Net loss on financial assets at fair value through profit or loss	9	**40,994**	–
Interest income	9	**(517)**	(421)
Operating cash flows before movement in working capital		**(18,116)**	15,329
Increase in amount due from an associate		**(7)**	–
Increase in prepayments, deposits and other receivables		**(14,186)**	(4,475)
Decrease in amount due from a shareholder		**–**	22
Increase in financial assets at fair value through profit or loss		**(105,821)**	–
Decrease in receipts in advance		**(37,987)**	(694)
Increase in accruals and other payables		**9,244**	2,679
Increase in amount due to a shareholder		**–**	8
Decrease in amount due to a related company		**(362)**	(11)
Decrease in amount due to a director		**–**	(5)
Cash (used in)/generated from operations		**(167,235)**	12,853
Tax paid		**(7,444)**	(9,297)
Net cash (used in)/generated from operating activities		**(174,679)**	3,556
INVESTING ACTIVITIES			
Interest received		**517**	421
Proceeds from disposal of property, plant and equipment		**9**	–
Purchase of property, plant and equipment		**(8,162)**	(467)
Payment for intangible assets		**(20,000)**	–
Net cash inflow from disposal of a subsidiary		**–**	42,494
Net cash (used in)/generated from investing activities		**(27,636)**	42,448
FINANCING ACTIVITIES			
Proceeds from placing of shares		**–**	55,240
Expense incurred in connection with placing of shares		**–**	(3,695)
Net cash generated from financing activities		**–**	51,545
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(202,315)**	97,549
Cash and cash equivalents at the beginning of the year		**230,721**	135,070
Effect of foreign currency exchange rate changes		**(24)**	(1,898)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**28,382**	230,721
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**28,382**	230,721

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

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in Cayman Islands under the Companies Law of Cayman Islands and is listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The principal place of business of the Company in Hong Kong is Suites 911-912, Level 9, One Pacific Place, 88 Queensway, Admiralty, Hong Kong.

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

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

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

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

HKAS 1 (Amendments)	Disclosure initiative[1]
HKAS 7 (Amendments)	Disclosure initiative[3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
HKFRS 2 (Amendments)	Classifications and Measurement of share-based payment[4]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[4]
HKFRS 16	Leases[5]

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted

[3] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

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

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

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

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

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

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

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

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

HKFRS 9 Financial instruments *(Continued)*

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on 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.

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 Regulatory Deferral Accounts, describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with HKFRS 14 because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate regulated goods or services.

The amendments to HKFRS 14 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 14 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

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

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its property, plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

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

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants *(Continued)*

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost,
- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

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

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(Continued)*

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The provisions of the new Hong Kong Companies Ordinance ("**CO**") (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 30 June 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 30 June 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 30 June 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

(b) Basis of preparation

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

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

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

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

(b) Basis of preparation *(Continued)*

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

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

(c) Basis of consolidation

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

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

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

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

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

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

(c) Basis of consolidation *(Continued)*

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

(d) 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.

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

(d) Business combinations *(Continued)*

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

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

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

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

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

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

Contingent consideration

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

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

(d) Business combinations *(Continued)*

Contingent consideration *(Continued)*

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value 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), or 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.

(e) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment or a portion thereof, is classified as held for sales, in which case it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

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

(e) Investment in associates *(Continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sales. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such change in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to thy reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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

(f) Property, plant and equipment

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

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

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

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

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

(g) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting periods, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at fair value at the acquisition date (which is regarded as their cost).

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain and losses arising from derecognition of an intangible asset, measure as the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss when the asset is derecognised.

Amortisation of capitalised development cost is charged to profit or loss over the estimated life cycle (not more than 5 years) of the relevant products. Amortisation of other intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over their estimated useful lives as follows:

– Sub-license right	46 months

Both the period and method of amortisation are reviewed annually.

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

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

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

Intangible assets with indefinite useful lives and in tangible 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 of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

(i) 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 the following specified categories: "financial assets at fair value through profit or loss" (FVTPL) and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on 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.

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

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "fair value changes on financial assets at fair value through profit or loss" in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 5(c) to the consolidated financial statements.

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

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

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 and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

For financial assets that are 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.

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

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Other financial liabilities

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

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

(i) Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

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

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

Derecognition

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

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

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

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

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

(j) Cash and cash equivalents

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

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

(k) 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.

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

(l) Retirement benefits costs

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

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

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

(m) Taxation

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

Current tax

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

Deferred tax

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

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

(m) Taxation *(Continued)*

Deferred tax *(Continued)*

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

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

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

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

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

Current and deferred tax for the year

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

(n) Provisions

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

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

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

(n) Provisions *(Continued)*

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

(o) 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.

(p) Foreign currencies

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

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

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items

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

(p) Foreign currencies *(Continued)*

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

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

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

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

(q) Related parties

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

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

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

(b) has significant influence over the Group; or

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

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

(q) Related parties *(Continued)*

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

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

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

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

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

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

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

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

(h) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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 include:

(a) that person's children and spouse or domestic partner; and

(b) children of that person's spouse or domestic partner;

(c) dependents of the person or that person's spouse or domestic partner.

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

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

(r) Leasing

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

The Group as lessee

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

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

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

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

(s) Dividends

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

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

(t) Segment reporting

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

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

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 and intangible assets

Property, plant and equipment and intangible assets are assessed at the end of each reporting period to identify indications that they may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment and intangible assets (including goodwill) is estimated. The recoverable amount of the property, plant and equipment and intangible assets is based on value-in-use calculations. These calculations are determined based on cash flow projections with reasonable assumptions that represent management's best estimate of the range of economic conditions over the remaining useful life of the assets. Changes in facts and circumstances may result in revisions to whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future years.

Depreciation and amortisation

Property, plant and equipment and intangible assets except for development costs (see Note 14 and 15 respectively) are depreciated and amortised on a straight-line basis over their estimated useful lives. The Group annually reviews the useful life of an asset and its residual value, if any. The useful life is based on the Group's historical experience with similar assets and taking into account anticipated technology changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Loan and receivables at amortised costs		
– Financial assets included in other receivables	**14,750**	44
– Cash and cash equivalents	**28,382**	230,721
Financial assets at fair value through profit or loss	**64,827**	–
	107,959	230,765
Financial liabilities		
Amortised costs		
– Accruals and other payables	**43,678**	4,434
– Amount due to a shareholder	**8**	8
– Amount due to a related company	**–**	362
	43,686	4,804

(b) Financial risk management objectives and policies

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

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

Credit risk

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

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

For the years ended 30 June 2016 and 2015, the Group has no other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

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

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

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

Liquidity risk

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

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

At 30 June 2016

	Weighted average interest rate %	**Carrying amount HK$'000**	**On demand HK$'000**	**Within 1 year HK$'000**	**Over 1 year HK$'000**	**Total undiscounted cash flow HK$'000**
Accruals and other payables	**–**	**43,678**	**43,678**	**–**	**–**	**43,678**
Amount due to a shareholder	**–**	**8**	**8**	**–**	**–**	**8**
		43,686	**43,686**	**–**	**–**	**43,686**

At 30 June 2015

	Weighted average interest rate %	Carrying amount HK$'000	On demand HK$'000	Within 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flow HK$'000
Accruals and other payables	–	4,434	4,434	–	–	4,434
Amount due to a shareholder	–	8	8	–	–	8
Amount due to a related company	–	362	362	–	–	362
		4,804	4,804	–	–	4,804

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

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

Interest rate risk

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

Currency risk

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

(c) Fair value of financial instruments

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

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

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

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

Fair value measurements recognised in the consolidated statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

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

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

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 30 June 2016 HK$	Fair value as at 30 June 2015 HK$	Fair value hierarchy	Valuation technique and key inputs
Financial assets at fair value through profit or loss	64,827,000	–	Level 1	Quoted bid price in an active market

There were no transfers between Levels 1 and 2, or transfers into or out of Level 3 in the both years.

(d) Capital risk management

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

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

	2016 HK$'000	2015 HK$'000
Total debts	**8**	370
Total assets	**204,340**	275,492
Gearing ratio	**0.004%**	0.1%

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

6. SEGMENT INFORMATION

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

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

The four 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
Roadshows	Provision of roadshows

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

For the year ended 30 June

	Organisation of exhibitions		Exhibition-related services		Ancillary services		Roadshows		Total	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Revenue										
Segment revenue	**159,333**	179,733	**2,864**	26,045	**58**	84	**–**	–	**162,255**	205,862
Inter-segment revenue	**–**	–	**(1,966)**	(17,548)	**–**	–	**–**	–	**(1,966)**	(17,548)
Revenue from external customers	**159,333**	179,733	**898**	8,497	**58**	84	**–**	–	**160,289**	188,314
Results										
Segment results	**64,625**	76,118	**898**	8,497	**52**	84	**(1,087)**	–	**64,488**	84,699
Gain on disposal of a subsidiary									**–**	40,851
Net loss on financial assets at fair value through profit or loss									**(40,994)**	–
Unallocated income									**499**	798
Unallocated corporate expenses									**(88,537)**	(75,393)
(Loss)/profit before tax									**(64,544)**	50,955
Taxation									**(4,167)**	(5,089)
(Loss)/profit for the year									**(68,711)**	45,866

6. SEGMENT INFORMATION *(Continued)*

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

	Organisation of exhibitions		Exhibition-related services		Ancillary services		Roadshows		Total	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Assets										
Segment assets	**18,861**	29,562	**–**	–	**–**	–	**48,913**	–	**67,774**	29,562
Unallocated corporate assets									**136,566**	245,930
									204,340	275,492
Liabilities										
Segment liabilities	**70,130**	108,113	**–**	–	**–**	4	**–**	–	**70,130**	108,117
Unallocated corporate liabilities									**45,228**	9,623
									115,358	117,740

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

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

Other segment information

For the year ended 30 June

	Organisation of exhibitions		Exhibition-related services		Ancillary services		Roadshows		Unallocated		Total	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Depreciation of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**(4,862)**	(3,673)	**(4,862)**	(3,673)
Capital expenditures *(Note)*	**–**	–	**–**	–	**–**	–	**(50,000)**	–	**(8,162)**	(467)	**(58,162)**	(467)
Net loss on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**(40,994)**	–	**(40,994)**	–
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**(1,087)**	–	**–**	–	**(1,087)**	–

Note: Capital expenditure included additions to property, plant and equipment and intangible assets.

6. SEGMENT INFORMATION *(Continued)*

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 capital expenditure information for the Group's geographical segments, including Hong Kong, the PRC and Germany.

Segment revenue:

	For the year ended 30 June	
	2016	2015
	HK$'000	HK$'000
Hong Kong	**152,731**	181,912
Germany	**7,558**	6,402
	160,289	188,314

Other segment information:

Segment assets:

	2016	2015
	HK$'000	HK$'000
Hong Kong	**203,352**	273,791
The PRC	**988**	1,701
	204,340	275,492

Capital expenditure:

	For the year ended 30 June	
	2016	2015
	HK$'000	HK$'000
Hong Kong	**58,146**	73
The PRC	**16**	394
	58,162	467

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

There are no customers of the Group (2015: one customer) whom transactions have exceeded 10% of the Group's revenue during the year ended 30 June 2016. Revenue generated from provision of organisation of exhibitions services to this customer is set out below:

	For the year ended 30 June	
	2016	2015
	HK$'000	HK$'000
Customer A	*****	20,279

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

7. REVENUE

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

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

	For the year ended 30 June	
	2016	2015
	HK$'000	HK$'000
Participation income	**159,333**	179,733
Additional facilities income	**898**	8,078
Sub-contracting and management fee income	**–**	419
Other ancillary service income	**58**	84
	160,289	188,314

8. OTHER REVENUE

	For the year ended 30 June	
	2016	2015
	HK$'000	HK$'000
Admission income	**259**	373
Sundry income	**1,185**	750
	1,444	1,123

9. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging:

	For the year ended 30 June	
	2016	2015
	HK$'000	HK$'000
Staff costs:		
Employee benefit expenses		
(including directors' remuneration) *(Note 10)*		
– Salaries, allowance and other benefits	**40,342**	42,286
– Retirement benefit schemes contributions	**1,353**	1,601
	41,695	43,887
Other items:		
Depreciation of property, plant and equipment *(Note 14)*	**4,862**	3,673
Amortisation of intangible assets *(Note 15)*	**1,087**	–
Auditors' remuneration		
– Audit services	**1,500**	1,500
– Non-audit services	**85**	–
Loss on disposal of property, plant and equipment	**2**	43
Operating lease rentals in respect of land and building	**15,106**	9,843
Net loss on financial assets at fair value through profit or loss:		
Proceeds on sales	**23,982**	–
Less: Cost of sales	**(29,168)**	–
Net realised loss on financial assets at fair value through profit or loss	**(5,186)**	–
Unrealised loss on financial assets at fair value through profit or loss	**(35,808)**	–
Net loss on financial assets at fair value through profit or loss	**(40,994)**	–
And after crediting/(charging):		
Other gains and losses:		
Interest income	**517**	421
Net exchange gains/(losses)	**65**	(1,930)
	582	(1,509)

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

Director's emoluments

Details of directors' emoluments are as follows:

	For the year ended 30 June	
	2016	2015
	HK$'000	HK$'000
Fee	**658**	717
Other emoluments:		
Salaries, allowance and benefits in kind	**4,450**	7,269
Retirement benefit schemes contributions	**3**	36
Total	**5,111**	8,022

The emoluments paid or payable to each of the directors and the chief executive officer for the years ended 30 June 2016 and 2015 were as follows:

	Fee		Salaries, allowance, and benefit in kind		Retirement benefit scheme contributions		Total remuneration	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Executive Directors								
Mr. Lee Chi Sang *(Note a)*	**–**	–	**450**	5,400	**–**	18	**450**	5,418
Mr. Si Tze Fung *(Note b)*	**–**	–	**312**	1,800	**3**	18	**315**	1,818
Mr. Liu Gejiang *(Note c)*	**–**	–	**1,758**	69	**–**	–	**1,758**	69
Mr. Lam Wa *(Note d)*	**–**	–	**945**	–	**–**	–	**945**	–
Mr. Sun Sizhi *(Note e)*	**–**	–	**573**	–	**–**	–	**573**	–
Mr. Du Changqing *(Note f)*	**–**	–	**114**	–	**–**	–	**114**	–
Ms. Yang Yan *(Note g)*	**–**	–	**92**	–	**–**	–	**92**	–
Mr. Ge Jin *(Note h)*	**–**	–	**206**	–	**–**	–	**206**	–
Independent non-executive directors								
Mr. Chu Kwok Man *(Note i)*	**–**	300	**–**	–	**–**	–	**–**	300
Mr. Leung Hung Kee *(Note j)*	**–**	150	**–**	–	**–**	–	**–**	150
Mr. Law Sung Ching, Gavin *(Note k)*	**8**	145	**–**	–	**–**	–	**8**	145
Mr. Yeung Chun Yue, David *(Note l)*	**180**	105	**–**	–	**–**	–	**180**	105
Mr. Wong Ka Fai, Paul *(Note m)*	**86**	17	**–**	–	**–**	–	**86**	17
Mr. Choi Hung Fai *(Note n)*	**229**	–	**–**	–	**–**	–	**229**	–
Mr. Yang Bo *(Note o)*	**155**	–	**–**	–	**–**	–	**155**	–
	658	717	**4,450**	7,269	**3**	36	**5,111**	8,022

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

Director's emoluments *(Continued)*

Note:

(a) Mr. Lee Chi Sang was resigned as the executive director, the chairman and the chief executive officer of the Company on 31 July 2015.

(b) Mr. Si Tze Fung was resigned as the executive director of the Company on 9 November 2015.

(c) Mr. Liu Gejiang was appointed as the executive director of the Company on 5 June 2015.

(d) Mr. Lam Wa was appointed as the executive director and the Chairman of the Company on 31 July 2015 and resigned on 29 April 2016.

(e) Mr. Sun Sizhi was appointed as the executive director and the chief executive officer of the Company on 31 July 2015.

(f) Mr. Du Changqing was appointed as the executive director of the Company on 9 November 2015 and resigned on 18 January 2016.

(g) Ms. Yang Yan was appointed as the executive director of the Company on 22 April 2016.

(h) Mr. Ge Jin was appointed as the executive director and the Chairman of the Company on 29 April 2016.

(i) Mr. Chu Kwok Man was resigned as the independent non-executive director of the Company on 5 June 2015.

(j) Mr. Leung Hung Ke was resigned as the independent non-executive director of the Company on 11 November 2014.

(k) Mr. Law Sung Ching, Gavin was appointed as the independent non-executive director of the Company on 12 September 2014 and resigned on 17 July 2015.

(l) Mr. Yeung Chun Yue, David was appointed as the independent non-executive director of the Company on 2 December 2014.

(m) Mr. Wong Ka Fai, Paul was appointed as the independent non-executive director of the Company on 5 June 2015 and resigned on 9 November 2015.

(n) Mr. Choi Hung Fai was appointed as the independent non-executive director of the Company on 17 July 2015.

(o) Mr. Yang Bo was appointed as the independent non-executive director of the Company on 9 November 2015.

(p) During the year ended 30 June 2016, no bonus (2015: no bonus) were paid to the executive directors of the Company. During the years ended 30 June 2016 and 2015, 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.

(q) During the years ended 30 June 2016 and 2015, 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.

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

(Continued)

Five highest paid employees

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

	2016 **HK$'000**	2015 HK$'000
Directors	**2,703**	7,236
Non-directors	**3,144**	2,830
Total	**5,847**	10,066

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

	2016 **HK$'000**	2015 HK$'000
Salaries, allowances and benefits in kind	**3,090**	2,788
Retirement benefit schemes contribution	**54**	42
Discretionary bonus	**–**	–
Total	**3,144**	2,830

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

	2016	2015
HK$1,000,001 to HK$1,500,000	**1**	1
Nil to HK$1,000,000	**2**	2
Total	**3**	3

No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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

(Continued)

Senior managements of the Company

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

	2016	2015
HK$1,000,001 to HK$1,500,000	**–**	1
Nil to HK$1,000,000	**2**	1
Total	**2**	2

During the year ended 30 June 2016, bonus of approximately HK$90,000 (2015: HK$254,000) were paid to the senior managements of the Company. No emoluments were paid by the Group to the senior management as an inducement to join, or upon joining the Group, or as a compensation for loss of office.

During the years ended 30 June 2016 and 2015, 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

	2016 HK$'000	2015 HK$'000
Current tax		
– Hong Kong Profits Tax	**4,167**	5,089

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit in Hong Kong for the year ended 30 June 2016.

No provision for the Singapore corporate tax has been made as the Group had no estimated assessable profits arising in Singapore for the year ended 30 June 2016 and 2015.

No provision for the PRC enterprise income tax has been made as the PRC subsidiaries did not have any assessable profits in the PRC for the year ended 30 June 2016 and 2015.

11. TAXATION *(Continued)*

No provision for the US federal income tax and branch profits tax has been made as the US-incorporated subsidiary did not have any assessable profits in the US for the year ended 30 June 2016 and 2015.

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:

	2016		2015	
	HK$'000	**%**	HK$'000	%
(Loss)/profit before tax	**(64,544)**		50,955	
Tax expenses at the Hong Kong Profits Tax rate of 16.5%	**(10,650)**	**(16.5)**	8,408	16.5
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(54)**	**(0.1)**	(128)	(0.3)
Tax effect of income and expenses not taxable or deductible for tax purposes	**6,660**	**10.3**	(6,495)	(12.7)
Tax effect of tax losses not recognised	**8,211**	**12.7**	3,304	6.5
Tax charge for the year	**4,167**	**6.4**	5,089	10.0

12. DIVIDEND

The Directors do not recommend payment of a final dividend for the year ended 30 June 2016 (2015: Nil).

13. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company for the year ended 30 June 2016 amounted to approximately HK$67,346,000 (2015: profit of approximately HK$45,919,000) and on weighted average number of approximately 981,699,000 ordinary shares (2015: approximately 1,122,190,000 ordinary shares (restated)) in issue during the year. The weighted average number of ordinary shares for the year ended 30 June 2015 for the purposes of calculating basic and diluted earnings per share have been adjusted of the share subdivision during the year.

There was no dilutive potential ordinary shares in existence during the years ended 30 June 2016 and 2015, therefore the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicle HK$'000	Leasehold improvement HK$'000	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost					
At 1 July 2014	1,679	7,410	2,020	1,679	12,788
Additions	351	58	35	23	467
Disposals	–	–	(134)	–	(134)
Derecognised on disposal of a subsidiary	(1,679)	–	–	–	(1,679)
Exchange realignment	–	–	–	1	1
At 30 June 2015 and 1 July 2015	351	7,468	1,921	1,703	11,443
Additions	**5,563**	**2,343**	**223**	**33**	**8,162**
Disposals	**–**	**–**	**–**	**(20)**	**(20)**
Exchange realignment	**(27)**	**–**	**(14)**	**(18)**	**(59)**
At 30 June 2016	**5,887**	**9,811**	**2,130**	**1,698**	**19,526**
Accumulated depreciation					
At 1 July 2014	28	1,380	824	684	2,916
Charge for the year	330	2,508	497	338	3,673
Disposals	–	–	(91)	–	(91)
Eliminated on disposal of a subsidiary	(308)	–	–	–	(308)
At 30 June 2015 and 1 July 2015	50	3,888	1,230	1,022	6,190
Charge for the year	**955**	**3,152**	**447**	**308**	**4,862**
Disposals	**–**	**–**	**–**	**(9)**	**(9)**
Exchange realignment	**(5)**	**–**	**(11)**	**(8)**	**(24)**
At 30 June 2016	**1,000**	**7,040**	**1,666**	**1,313**	**11,019**
Carrying amounts					
At 30 June 2016	**4,887**	**2,771**	**464**	**385**	**8,507**
At 30 June 2015	301	3,580	691	681	5,253

15. INTANGIBLE ASSETS

	Sub-license right HK$'000
Cost	
At 1 July 2014, 30 June 2015 and 1 July 2015	–
Additions	50,000
At 30 June 2016	50,000
Accumulated amortisation and impairment	
At 1 July 2014, 30 June 2015 and 1 July 2015	–
Amortisation charge for the year	1,087
At 30 June 2016	1,087
Carrying amounts	
At 30 June 2016	**48,913**
At 30 June 2015	–

Note:

(a) The intangible assets represent the sub-license right granted to the Group for using intellectual properties at any time legally licensed to or controlled by the licensee in relation to all series and any types of "Ultraman" at roadshows, events, exhibitions in the Territory.

(b) The sub-license right is amortised on a straight-line basis over its estimated useful economic life. The useful economic life is 46 months according to the sub-license contract term.

16. INTEREST IN ASSOCIATE

Details of the Group's interest in an associate are as follows:

	2016 **HK$'000**	2015 HK$'000
Unlisted		
Cost of investment in an associate	**–**	–
Share of result of an associate	**–**	–
	–	–
Amount due from an associate	**7**	–
Total	**7**	–

Details of the Group's associate at the end of the reporting period are as follows:

Name of associate	**Place of incorporation and business**	**Particulars of issued share capital**	**Proportion of ownership interest held by the Group**	**Principal activities**
Universe Unity Limited	British Virgin Island	US$100	49%	Inactive

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

16. INTEREST IN ASSOCIATE *(Continued)*

Associate is accounted for using the equity method in the consolidated financial statements.

	2016 HK$'000	2015 HK$'000
Current assets	–	–
Current liabilities	(14)	–
Revenue	–	–
Loss for the year	(14)	–
Other comprehensive loss for the year	–	–
Total comprehensive loss for the year	(14)	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2016 HK$'000	2015 HK$'000
Net liabilities of associate	(14)	–
Proportion of ownership interest in associate by the Group	49%	N/A
	–	–
Amount due from an associate	7	–
Carrying amount of ownership interest in associate by the Group	7	–

Unrecognised share of loss of Universe Unity Limited

	2016 HK$'000	2015 HK$'000
The unrecognised share of loss of Universe Unity Limited	(7)	–
Cumulative unrecognised share of loss of Universe Unity Limited	(7)	–

17. PARTICULAR OF SUBSIDIARIES

Details of the Company's significant subsidiaries as at 30 June 2016 are set out as follow:

Name of subsidiaries	Place of incorporation/ operations	Issued/ and paid up registered capital	Percentage of equity and voting power attributable to the Company		Principal activities
			Direct	Indirect	
Expand Trade Investments Limited	BVI	Ordinary HK$99,999.90	100%	–	Investment holding
Mega Expo (Hong Kong) Limited	BVI/Hong Kong	Ordinary US$1.00	–	100%	Organisation of exhibitions and trade shows
Mega Expo (Hong Kong) Limited	Hong Kong	Ordinary HK$1.00	–	100%	Organisation of exhibitions and trade shows and providing ancillary services
Shenzhen Hengjian Exhibition Planning Limited*	PRC	Ordinary RMB4,115,805.00	–	100%	Provision of exhibition-related consultancy services
i-MegAsia Limited	Hong Kong	Ordinary HK$1.00	–	100%	Provision of ancillary services for trade shows
Mega Expo Operations Management Limited	BVI/Hong Kong	Ordinary US$1.00	–	100%	Provision of sub–contracting services for exhibitions and shows
Mega Expo (Berlin) Limited	BVI/Hong Kong	Ordinary US$1.00	–	100%	Organisation of exhibitions and trade shows
International Jewellery Event Limited	Hong Kong	Ordinary HK$100	–	70%	Organisation of exhibitions and trade shows
Big Leader Limited	BVI	Ordinary US$1.00	100%	–	Investment holding
Great Getter Limited	Hong Kong	Ordinary HK$1.00	–	100%	Investment holding
Greatest Best Limited	Hong Kong	Ordinary HK$1.00	–	100%	Investment holding

* the English translation of Chinese name is for identification purpose and should not be regarded as the official English translation of Chinese name.

17. PARTICULAR OF SUBSIDIARIES *(Continued)*

Name of subsidiaries	Place of incorporation/ operations	Issued/ and paid up registered capital	Percentage of equity and voting power attributable to the Company Direct	Indirect	Principal activities
Top Force (Hong Kong) Limited	Hong Kong	Ordinary HK$1.00	–	100%	Investment holding
Broaden Delight Limited	Hong Kong	Ordinary HK$1.00	–	100%	Investment holding
Integral Wealth Limited	BVI	Ordinary US$1.00	–	100%	Investment holding
Treasure Spy Limited	BVI	Ordinary US$1.00	–	100%	Investment holding
Up Huge Corporation Limited	Hong Kong	Ordinary HK$100.00	–	100%	Provision of roadshows
Super Marine International Limited	BVI	Ordinary US$1.00	100%	–	Investment holding
Hero Sea Limited	Hong Kong	Ordinary HK$1.00	–	100%	Investment holding
Corporate Charm Holdings Limited	BVI	Ordinary US$1.00	–	100%	Investment holding

Note:

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

(ii) The above table lists the subsidiaries of the Group, which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive lengths.

In addition, the directors of the Company made an assessment as at the date of application of HKFRS 12 and at the end of the reporting period. In the opinion of the directors, there is no subsidiary that has non-controlling interest individually that is material to the Group and therefore no information is disclosed for these non-wholly owned subsidiaries.

None of the subsidiaries had any debt securities outstanding at 30 June 2016 or at any time during the year.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Prepayments	**32,803**	33,248
Deposits	**6,151**	6,226
Other receivables	**14,750**	44
	53,704	39,518

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 **HK$'000**	2015 HK$'000
Equity securities listed in Hong Kong	**58,308**	–
Unlisted investment in Hong Kong	**6,519**	–
	64,827	–

At 30 June 2016, the fair value of the listed equity securities and unlisted investment, amounting to approximately HK$58,308,000 and HK$6,519,000 were determined based on the quoted market bid prices available on the Stock Exchange and determined by reference to market bid prices quoted by financial institution respectively.

20. CASH AND CASH EQUIVALENTS

	2016 **HK$'000**	2015 HK$'000
Cash and bank balances	**28,382**	230,721

As at 30 June 2016, the remittance of cash and cash equivalents of approximately HK$560,000 (2015: approximately HK$1,037,000) out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

21. RECEIPTS IN ADVANCE

As at 30 June 2016, approximately of HK$70,130,000 (2015: approximately HK$108,117,000) were the non-refundable participation fee for booth reservation from exhibitors or exhibition service agents.

22. ACCRUALS AND OTHER PAYABLES

	2016 **HK$'000**	2015 HK$'000
Accruals	**2,458**	4,377
Other payables	**41,220**	57
	43,678	4,434

23. AMOUNT DUE TO A SHAREHOLDER

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

24. AMOUNT DUE TO A RELATED COMPANY

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

25. DEFERRED TAX

As at 30 June 2016, the Group had unused estimated tax losses of approximately HK$13,772,000 (2015: approximately HK$8,900,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

26. SHARE CAPITAL

	Par value HK$	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 1 July 2014, 30 June 2015 and 1 July 2015	0.01	1,000,000,000	10,000
Share subdivision *(Note (a))*	0.002	4,000,000,000	–
At 30 June 2016	**0.002**	**5,000,000,000**	**10,000**
Issued and fully paid:			
At 1 July 2014	0.01	200,000,000	2,000
Placing of shares *(Note (b))*	0.01	40,000,000	400
At 30 June 2015 and 1 July 2015	0.01	240,000,000	2,400
Share subdivision *(Note (a))*	0.002	960,000,000	–
At 30 June 2016	**0.002**	**1,200,000,000**	**2,400**

Note:

(a) On 22 September 2015, each issued and unissued ordinary shares of the Company of HK$0.01 each were subdivided into five subdivided shares of HK$0.002 each pursuant to the ordinary resolution passed by the then shareholders at an extraordinary general meeting held on 21 September 2015. As a result, the number of issued and authorised ordinary shares of the Company were adjusted from 240,000,000 shares to 1,200,000,000 shares and from 1,000,000,000 shares to 5,000,000,000 shares respectively.

(b) On 12 November 2014, the Company entered into a placing agreement under which the Company agreed to place up to a total of 40,000,000 shares to independent third parties on a best effort basis, through a placing agent, at a price of HK$1.381 per share under general mandate. Completion of the placing of all of the 40,000,000 placing shares took place on 20 November 2014 and net proceeds of approximately HK$51,545,000 were raised for general working capital of the Group.

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016 HK$'000	2015 HK$'000
ASSETS		
Non-current asset		
Interests in subsidiaries	**100**	100
Current assets		
Prepayments	**13,123**	1,866
Amounts due from subsidiaries	**110,694**	2,057
Cash and cash equivalents	**95**	187,774
	123,912	191,697
Current liabilities		
Accruals	**1,949**	231
Amounts due to subsidiaries	**99,982**	99,217
	101,931	99,448
Net current assets	**21,981**	92,249
Total assets less current liabilities	**22,081**	92,349
Net assets	**22,081**	92,349
EQUITY		
Equity attributable to owners of the Company		
Share capital	**2,400**	2,400
Reserves *(Note 28)*	**19,681**	89,949
Total equity	**22,081**	92,349

Approved and authorised for issue by the Board on 28 September 2016 and signed on its behalf by:

Ge Jin *Chairman*	**Sun Sizhi** *Director*

28. RESERVES OF THE COMPANY

	Share premium HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 July 2014	53,559	(1,898)	51,661
Loss and total comprehensive loss for the year	–	(12,857)	(12,857)
Placing of shares	54,840	–	54,840
Expense incurred in connection with the Placing of shares	(3,695)	–	(3,695)
At 30 June 2015 and 1 July 2015	104,704	(14,755)	89,949
Loss and total comprehensive loss for the year	–	(70,268)	(70,268)
At 30 June 2016	**104,704**	**(85,023)**	**19,681**

Note

Distributable reserve

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

At 30 June 2016, the Company's reserves available for distribution to shareholders amounting to approximately HK$19,681,000 (2015: HK$89,949,000) and calculated in accordance with Companies Law of Cayman Islands and the Articles.

29. DISPOSAL OF A SUBSIDIARY

On 11 May 2015, an indirectly wholly owned subsidiary of the Company disposed its entire interest in Idea Trade Limited. The principle activity of Idea Trade Limited is license holding.

Summary of the effects of the disposal of Idea Trade Limited is as follows:

Analysis of assets and liabilities over which control was lost

	HK$'000
Non-current asset	
Property, plant and equipment	1,371
Current assets	
Prepayments	11,283
Cash and cash equivalents	6
Current liability	
Amounts due to the Group *(Note)*	(13,124)
Net liabilities disposed of	(464)

Gain on disposal of a subsidiary

	HK$'000
Consideration received	42,500
Waiver of amounts due to the Group	(2,113)
Net liabilities disposed of	464
Gain on disposal of a subsidiary	40,851

Net cash inflow on disposal of a subsidiary

	HK$'000
Consideration received in cash and cash equivalents	42,500
Less: cash and cash equivalent balances disposed of	(6)
Net cash inflow from disposal of a subsidiary	42,494

Note:

Included in the amounts due to the Group of approximately HK$11,011,000 represented the prepaid exhibition rental in advance by Mega Expo (Hong Kong) Limited, one of the subsidiaries of the Group, on behalf of Idea Trade Limited as an organiser of the Mega Show 2015. The amount has been regarded as prepaid fee to Idea Trade Limited pursuant to the project management agreement entered into upon the completion of disposal on 11 May 2015.

30. SHARE OPTION SCHEME

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

The eligible persons of the Share Option Scheme include directors, employees, consultants or advisers, provider of goods or services, customers, holder of securities issued by the member of the Group and any other person has contributed to the Group ("**Eligible Persons**").

The subscription price of the share options shall be a price determined by the board of directors and shall be at least the highest of (i) the closing price of share as stated in the Stock Exchange's daily quotations sheet on the offer date (ii) the average of the closing price per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; or (iii) the nominal value of the share.

The Eligible Persons shall accept the offer or be deemed to have declined it at the date not later than 21 days from the offer date. 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 the board of 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 the board of 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.

The total number of shares which may be issued up exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the Share Option Scheme.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption date and there were no outstanding share options under the Share Option Scheme as at 30 June 2016.

31. MATERIAL RELATED PARTIES TRANSACTIONS

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

Remuneration for key personnel management, including emoluments paid to the Company's directors and certain highest paid employees of the Group, as disclosed in Note 10 to the consolidated financial statements, are as follows:

Key management personnel

	2016 **HK$'000**	2015 HK$'000
Salaries, allowances and benefits in kind	**6,038**	10,252
Retirement benefit schemes contributions	**37**	105
Total compensation paid to key management personnel	**6,075**	10,357

32. OPERATING LEASE COMMITMENTS

The Group as lessee

As at 30 June 2016 and 2015, the Group had outstanding commitments payable under non-cancellable operating leases in respect of properties rented with lease terms of between 2 to 3 years which fall due as follows:

	2016 **HK$'000**	2015 HK$'000
Within one year	**8,089**	13,963
In the second to fifth year, inclusive	**4,599**	10,717
	12,688	24,680

33. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 September 2016.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	For the year ended 30 June				
	2016 HK$'000 (audited)	2015 HK$'000 (audited)	2014 HK$'000 (audited)	2013 HK$'000 (audited)	2012 HK$'000 (audited)
Revenue	**160,289**	188,314	205,781	220,633	166,795
(Loss)/profit before tax	**(64,544)**	50,955	20,983	34,241	30,864
Taxation	**(4,167)**	(5,089)	(6,892)	(8,339)	(5,976)
(Loss)/profit for the year	**(68,711)**	45,866	14,091	25,902	24,888
Attributable to:					
Owners of the Company	**(67,346)**	45,919	14,120	26,170	25,056
Non-controlling interests	**(1,365)**	(53)	(29)	(268)	(168)
(Loss)/profit for the year	**(68,711)**	45,866	14,091	25,902	24,888
		(Restated)			
(Loss)/earnings per share – Basic (HK cents)	**(6.86)**	4.09	7.74	17.45	16.70

ASSETS AND LIABILITIES

	As at 30 June 2016 HK$'000 (audited)	As at 30 June 2015 HK$'000 (audited)	As at 30 June 2014 HK$'000 (audited)	As at 30 June 2013 HK$'000 (audited)	As at 30 June 2012 HK$'000 (audited)
Total assets	**204,340**	275,492	180,279	131,856	148,560
Total liabilities	**(115,358)**	(117,740)	(119,971)	(135,945)	(146,499)
Non-controlling interests	**1,418**	53	–	(45)	(311)
Total equity attributable to owners of the Company	**90,400**	157,805	60,308	(4,134)	1,750