MEGA EXPO HOLDINGS LIMITED

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

The board of directors (the "**Board**") of Mega Expo Holdings Limited (the "**Company**") presents the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 June 2017 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
			(Restated)
Continuing operations			
Revenue	*5*	**102,938**	160,289
Other revenue		**464**	1,444
Other gains and losses	*6*	**(11,817)**	582
Net loss on financial assets at fair value through profit or loss	*6*	**(2,909)**	(40,994)
Advertising and promotion expenses		**(5,531)**	(19,062)
Agency commission		**(4,514)**	(4,958)
Exhibition rentals		**(19,037)**	(29,539)
Staff costs		**(23,116)**	(41,695)
Booth construction costs		**(18,580)**	(16,704)
Exhibition expenses		**(6,529)**	(17,897)
Other operating expenses		**(31,612)**	(54,923)
Loss before tax from continuing operations	*6*	**(20,243)**	(63,457)
Income tax expenses	*7*	**(5,664)**	(4,167)
Loss for the year from continuing operations		**(25,907)**	(67,624)
Discontinued operation	*8*		
Loss for the year from discontinued operation		**(13,410)**	(1,087)
Loss for the year		**(39,317)**	(68,711)

	Notes	2017 HK$'000	2016 HK$'000 (Restated)
Other comprehensive expenses			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(39)**	(59)
Total comprehensive expenses for the year		**(39,356)**	(68,770)
Loss for the year attributable to owners of the Company arises from:			
Continuing operations		**(23,001)**	(66,259)
Discontinued operation		**(13,410)**	(1,087)
		(36,411)	(67,346)
Loss for the year attributable to non-controlling interests arises from:			
Continuing operations		**(2,906)**	(1,365)
Discontinued operation		**–**	–
		(39,317)	(68,711)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(36,450)**	(67,405)
Non-controlling interests		**(2,906)**	(1,365)
		(39,356)	(68,770)
Loss per share attributable to owners of the Company:			
Basic and diluted *(HK cents)*	*10*		
– From continuing operations		**(1.80)**	(5.52)
– From discontinued operation		**(1.05)**	(0.09)
		(2.85)	(5.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**10,368**	8,507
Intangible assets		**–**	48,913
Goodwill	*11*	**35,998**	–
Financial assets at fair value through profit or loss		**3,080**	–
Interest in an associate		**8**	7
		49,454	57,427
Current assets			
Trade receivables	*12*	**3,880**	–
Prepayments, deposits and other receivables	*13*	**26,079**	53,704
Financial assets at fair value through profit or loss		**460**	64,827
Cash and cash equivalents		**54,583**	28,382
		85,002	146,913
Asset classified as held for sale	*8*	**35,870**	–
		120,872	146,913
Current liabilities			
Receipts in advance		**17,330**	70,130
Accruals, deposits received and other payables		**8,432**	43,678
Amount due to a shareholder		**–**	8
Income tax payables		**2,534**	1,542
		28,296	115,358
Net current assets		**92,576**	31,555
Total assets less current liabilities		**142,030**	88,982
NET ASSETS		**142,030**	88,982
Capital and reserves			
Share capital		**2,702**	2,400
Reserves		**143,652**	88,000
Equity attributable to owners of the Company		**146,354**	90,400
Non-controlling interests		**(4,324)**	(1,418)
TOTAL EQUITY		**142,030**	88,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

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, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in management, as well as the organisation of trade exhibitions and the provision of exhibition related service for other exhibition organisers or project managers.

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

2. CORRECTION OF PRIOR YEAR ERROR

The weighted average number of ordinary shares previously presented in the consolidated financial statements for the year ended 30 June 2016 did not retrospectively adjust for the share subdivision effect on 22 September 2015. Accordingly, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been retrospectively adjusted to assume that share subdivision was in effect since 1 July 2015.

The impact of the restatement made in respect of the above error is summarised below:

Consolidated statement of profit of loss and other comprehensive income for the year ended 30 June 2016 (extracted)

	As previously reported	Decrease	As restated
Basic and diluted loss per share *(HK cents)*	6.86	(1.25)	5.61

Notes to the consolidated financial statements
For the year ended 30 June 2016

13. (Loss)/Earnings per share

(i) Original Disclosure

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.

(ii) Restated Disclosure

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 1,200,000,000 ordinary shares (2015: approximately 1,122,190,000 ordinary shares (restated)) in issue during the year.

3. BASIS OF PREPARATION AND APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amount, being fair value at the end of each reporting period.

Application of new and amendments to HKFRSs

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

The adoption of the above amendments to HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective in the consolidated financial statements:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle[5]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Lease[3]
HKAS 1 (Amendments)	Presentation of Financial Statements[1]
HKAS 7 (Amendments)	Statement of Cash Flow: Disclosure Initiative[1]
HKAS 12 (Amendments)	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKAS 40 (Amendments)	Investment Property[2]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK (IFRIC) – Int 23	Uncertainty Over Income Tax Treatments[3]

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

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

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

[4] *The original effective date has been deferred to a date yet to be determined.*

[5] *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*

The directors of the Company ("**Directors**") anticipate that the application of HKFRS 9, HKFRS 15 and HKFRS 16 in the future may have 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 9, HKFRS 15 and HKFRS 16 until the Group performs a detailed review.

The Directors anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements.

4. 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 has four operating and reportable segments 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 (discontinued operation)	Provision of roadshows

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

For the year ended 30 June

	Continuing operations						Discontinued operation			
	Organisation of exhibitions		Exhibition-related services		Ancillary services		Roadshows		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue										
Segment revenue	**102,869**	159,333	**1,727**	2,864	**–**	58	**–**	–	**104,596**	162,255
Inter-segment revenue	**–**	–	**(1,658)**	(1,966)	**–**	–	**–**	–	**(1,658)**	(1,966)
Revenue from external customers	**102,869**	159,333	**69**	898	**–**	58	**–**	–	**102,938**	160,289
Results										
Segment results	**41,922**	64,625	**69**	898	**–**	52	**(13,043)**	(1,087)	**28,948**	64,488
Net loss on financial assets at fair value through profit or loss									**(2,909)**	(40,994)
Unallocated income and other gains and losses									**(11,806)**	499
Unallocated corporate expenses									**(47,886)**	(88,537)
Loss before tax									**(33,653)**	(64,544)
Income tax expenses									**(5,664)**	(4,167)
Loss for the year									**(39,317)**	(68,711)

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

	Continuing operations						Discontinued operation			
	Organisation of exhibitions		Exhibition-related services		Ancillary services		Roadshows		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets										
Segment assets	**50,614**	18,861	**–**	–	**–**	–	**35,870**	48,913	**86,484**	67,774
Unallocated corporate assets									**83,842**	136,566
									170,326	204,340
Liabilities										
Segment liabilities	**18,638**	70,130	**–**	–	**–**	–	**–**	–	**18,638**	70,130
Unallocated corporate liabilities									**9,658**	45,228
									28,296	115,358

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

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

Other segment information

	Continuing operations						Discontinued operation					
	Organisation of exhibitions		Exhibition-related services		Ancillary services		Roadshows		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**(2,311)**	(4,862)	**(2,311)**	(4,862)
Capital expenditures *(Note)*	**(35,998)**	–	**–**	–	**–**	–	**–**	(50,000)	**(6,009)**	(8,162)	**(42,007)**	(58,162)
Net loss on financial assets at fair value through profit or loss	**(210)**	–	**–**	–	**–**	–	**–**	–	**(2,699)**	(40,994)	**(2,909)**	(40,994)
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**(13,043)**	(1,087)	**–**	–	**(13,043)**	(1,087)

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

Geographical segments

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

The following tables present revenue, certain assets and capital expenditure information for the Group's geographical segments, including Hong Kong, The People's Republic of China ("**PRC**") and Germany.

(i) Segment revenue:

	2017	2016
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	**90,728**	152,731
Germany	**–**	7,558
PRC	**12,210**	–
	102,938	160,289

(ii) Segment assets:

	2017	2016
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	**86,181**	154,439
PRC	**48,275**	988
	134,456	155,427
Discontinued operation:		
Hong Kong	**35,870**	48,913
	170,326	204,340

(iii) Capital expenditures:

	2017	2016
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	**5,921**	8,146
PRC	**36,086**	16
	42,007	8,162
Discontinued operation:		
Hong Kong	**–**	50,000
	42,007	58,162

Information about major customers

There are no customers of the Group for both years 2016 and 2017 whose transactions have exceeded 10% of the Group's revenue during the years ended 30 June 2016 and 2017.

5. REVENUE

The principal activities of the Group are the organisation of trade exhibitions and providing exhibition related services.

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

	2017	2016
	HK$'000	*HK$'000*
Participation income	**102,869**	159,333
Additional facilities income	**69**	898
Other ancillary service income	**–**	58
	102,938	160,289

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Staff costs:		
Employee benefit expenses (including directors' remuneration)		
– Salaries, allowance and other benefits	**22,582**	40,342
– Retirement benefit schemes contributions	**534**	1,353
	23,116	41,695
Other items:		
Depreciation of property, plant and equipment	**2,311**	4,862
Auditor's remuneration		
– Audit services	**1,000**	1,500
– Non-audit services	**596**	85
Loss on disposal of property, plant and equipment	**120**	2
Write off of property, plant and equipment	**1,655**	–
Operating lease rentals in respect of land and building	**9,353**	15,106
Net loss on financial assets at fair value through profit or loss:		
Proceeds on sales	**(62,128)**	(23,982)
Less: Cost of sales	**64,827**	29,168
Net realised loss on financial assets at fair value through profit or loss	**2,699**	5,186
Unrealised loss on financial assets at fair value through profit or loss	**–**	35,808
Loss on fair value change of profit guarantee	**210**	–
Net loss on financial assets at fair value through profit or loss	**2,909**	40,994
Other gain and losses:		
Interest income	**(1,323)**	(517)
Net exchange gains	**–**	(65)
Impairment loss on other receivables	**13,140**	–
	11,817	(582)

7. INCOME TAX EXPENSES

	2017	2016
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**4,045**	4,167
– PRC Enterprise Income Tax	**1,619**	–
Total	**5,664**	4,167

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits in Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of certain subsidiaries of the Group in the PRC is 25% (2016: 25%).

No provision for the US federal income tax and branch profits tax has been made as the US-incorporated subsidiary did not have any assessable profits in the US for the years ended 30 June 2016 and 2017.

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

8. DISCONTINUED OPERATION AND ASSET CLASSIFIED AS HELD FOR SALE

On 28 June 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose, Up Huge Corporation Limited ("**Up Huge**"), an indirect wholly-owned subsidiary of the Company. Up Huge owns a sublicense right of "Ultraman" which was accounted for as an intangible asset. The results of Up Huge under the business segment of roadshows was presented as discontinued operation, and the intangible asset was classified as asset held for sale in the consolidated statement of financial position. The disposal transaction was completed on 10 July 2017.

The results of the discontinued operation are presented below:

	2017	2016
	HK$'000	*HK$'000*
Amortisation of intangible asset	**13,043**	1,087
Other operating expenses	**367**	–
Loss before tax from discontinued operation	**13,410**	1,087
Income tax expenses	**–**	–
Loss for the year from discontinued operation	**13,410**	1,087

The asset classified as held for sale and measured at the lower of carrying amount and fair value less cost of disposal as at 30 June 2017 is as follows:

	HK$'000
Intangible asset	35,870
Asset classified as held for sale	35,870

There are no cash flow movement for the discontinued operation during the financial year ended 30 June 2017.

9. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 30 June 2017 (2016: Nil).

10. LOSS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Loss from continuing operations attributable to owners of the Company	**(23,001)**	(66,259)
Loss from discontinued operation attributable to owners of the Company	**(13,410)**	(1,087)
Loss attributable to owners of the Company	**(36,411)**	(67,346)

	Number of ordinary shares	
	2017	2016
		(Restated)
Weighted average number of ordinary shares used in basic and diluted loss per share	**1,278,499,000**	1,200,000,000

	2017	2016
	HK cents	*HK cents*
		(Restated)
Loss per share attributable to owners of the Company:		
Basic and diluted		
– From continuing operations	**(1.80)**	(5.52)
– From discontinued operation	**(1.05)**	(0.09)
	(2.85)	(5.61)

The calculation of basic loss per share is based on the loss from continuing operations attributable to owners of the Company for the year ended 30 June 2017 of approximately HK$23,001,000 (2016: approximately HK$66,259,000 (restated)), loss from discontinued operation attributable to owners of the Company for the year ended 30 June 2017 of approximately HK$13,410,000 (2016: HK$1,087,000 (restated)) and on weighted average number of approximately 1,278,499,000 ordinary shares (2016: 1,200,000,000 ordinary shares (restated)) in issue during the year.

There was no dilutive potential ordinary shares in existence during the years ended 30 June 2016 and 2017, therefore the diluted loss per share is the same as the basic loss per share.

11. GOODWILL

	2017	2016
	HK$'000	*HK$'000*
Carrying amount		
At 1 July 2016	**–**	–
Arising from acquisition of a subsidiary *(Note 14)*	**35,998**	–
At 30 June 2017	**35,998**	**–**

The carrying amount of goodwill represents the goodwill arising from acquisition of Sparkle Mass Limited and its subsidiaries (collectively referred as "**Sparkle Mass Group**") and is included in the organisation of exhibitions segment.

Goodwill is assessed for impairment annually irrespective of whether there is any indication of impairment. Management has assessed the fair value of goodwill with reference to the valuation report performed by an independent professional valuer.

12. TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**3,880**	–

Note:

The following is an ageing analysis of trade receivables presented on the basis of the dates of the invoices and net of allowance for doubtful debts:

	2017	2016
	HK$'000	*HK$'000*
0-30 days	**3,880**	–

There is no trade receivables that are past due but not impaired for both years ended 30 June 2016 and 2017.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Prepayments	**7,405**	32,803
Deposits	**1,848**	6,151
Other receivables	**16,826**	14,750
	26,079	53,704

14. ACQUISITION OF A SUBSIDIARY

On 3 March 2017, the Group acquired 100% of the issued share capital of Sparkle Mass Group through its indirect wholly-owned subsidiary, Eastern Pioneer Holdings Limited, at a total cash consideration of HK$40,000,000. The transaction has been accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was approximately HK$35,998,000.

Sparkle Mass Group is principally engaged in the organisation and management of trade exhibitions and exhibitions management services.

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

	HK$'000
Non-current asset	
Property, plant and equipment	60
Current assets	
Prepayments, deposits and other receivables	374
Cash and cash equivalents	1,794
	2,168
Total assets	2,228
Current liabilities	
Trade payables	(250)
Accruals and other payables	(1,621)
Tax payables	(105)
Total liabilities	(1,976)
Net assets acquired	252

Goodwill arising from acquisition

	HK$'000
Consideration transferred	40,000
Less: Fair value of financial asset from profit guarantee	(3,750)
Less: Net assets acquired	(252)
Goodwill arising from the acquisition *(Note 11)*	35,998

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

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

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

	HK$'000
Cash consideration paid	40,000
Less: Cash and cash equivalent acquired	(1,794)
Net cash outflow in respect of the acquisition of a subsidiary	38,206

15. EVENTS AFTER THE REPORTING PERIOD

(i) On 10 July 2017, the Group completed the disposal transaction of Up Huge with a consideration of HK$50,000,000. The Group has received the proceeds of the consideration in July 2017.

(ii) On 13 July 2017, an indirect wholly-owned subsidiary of the Company completed the acquisition transaction of 100% equity interest of Fortune Selection Limited and its subsidiaries (collectively referred as "**Fortune Selection Group**") at a consideration of HK$48,024,000, which shall be satisfied by the issuance of four batches of the convertibles bonds ("**Convertible Bonds**") of the Company. The first batch of Convertible Bonds with principal amount of HK$24,012,000 was issued on the date of completion.

As the Group has not yet performed the valuation of the Convertible Bonds and the fair value of net assets of Fortune Selection Group, we are unable to quantify the impact of the acquisition on the Group.

(iii) On 27 July 2017, a conversion notice was received for the exercise of the conversion rights attached to the Convertible Bonds in respect of the principal amount of HK$24,012,000 at the conversion price of HK$0.92 per share. A total number of 26,100,000 new ordinary shares have been allotted and issued.

16. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to the correction of prior year error disclosed in Note 2 and the disclosure requirement in respect of the discontinued operation set out in Note 8. In addition, the comparative figures in the consolidated statement of profit or loss have been restated as if the discontinued operation during the current year had been discontinued at the beginning of the prior period.

CHAIRMAN'S STATEMENT

BUSINESS ENVIRONMENT

The global economy had a sluggish recovery in 2016. The geopolitical risk represented by the North Korea and the United States increased the uncertainty of the global economy recovery. Global financial markets would suffer a tremendous shock, will there be a war. Besides, the monetary policy of various countries maintained differentiation, the Euro Zone and Japan appeared negative interest rate and the recent currency fluctuation of Renminbi. These changes played a great influence on global financial markets and placed a high uncertainty on real economy. Hong Kong, ranked one of the freest and a highly externally oriented economy, is not immune to the effects of the global financial turmoil and the business environment can be derailed unexpectedly.

The financial markets volatility and the falling commodity price had posed challenges to the consumer goods manufacturers in Asia, our Group's target customers. These uncertainties suppressed their intention to launch their exhibition activities and many of them were taking a "wait and see" approach on planning their exhibition events. They became more cautious in spending and they have also tightened their budgets. Along with the keen competition among exhibition organisers in Hong Kong, the Group's gross margin has been put under pressure. During the year, the Group only staged three trade fairs, namely International Gem & Jewellery Festival ("**IGJ**") held in September 2016, Mega Show Part I and Mega Show Part II (collectively the "**Mega Show Series**") held in October 2016 in Hong Kong, reflecting a trending down number of fairs and turnover.

The Group believes in turning challenges into opportunities, the expansion of the Group's existing business portfolio in providing organisation of trade exhibitions, exhibition related services and brand management services; and its brand management related downstream business opportunities in The People's Republic of China ("**PRC**"), in particular, the cultural and entertainment business where the Company can fully utilise the brand(s) acquired and its brand management experiences to sub-license, operate and promote its brand management services, is a method to diversify and broaden its income sources. Despite we witnessed sluggish overall growth in the global economy, the overall PRC economy showed stable and healthy development momentum. Steady economic growth and a growing middle class population in PRC all contribute positively to increasing disposable income, which is an important factor that drive the needs of consumer goods and eventually the needs of consumer goods expo. With the rise of middle class, the Group also foresees a drastic demand on cultural and entertainment needs, including activities such as bar and clubbing.

As a top-level design in PRC, the Opinions on Further Promoting Reform and Development of Exhibition Industry released by the State Council in April 2015, would boost the Chinese exhibition industry and facilitate the industry reform in future. Besides, Shanghai has been listed as "World Exhibition Capital" in its "13th Five Year Plan" and the world largest National Exhibition and Convention Center (Shanghai), was built up and operated, making Shanghai become one of the cities with the biggest exhibition area in the world. As a result, the Group believes that its expansion strategy of investing in PRC, in particular, in Shanghai region, is in line with market trends and the China national policy.

OUTLOOK

Operation of exhibition business in PRC

The Group considers there is enormous business potential in PRC. During the year, the Group acquired an exhibition and management consulting group based in Shanghai. Details of the acquisition can be referred to the announcement of the Company dated 10 February 2017 and the acquisition was completed on 3 March 2017. The Group views the prospect of Shanghai exhibition market is optimistic. With favorable macro-economic environment and the acquired business network, all can benefit the Group through exploring business opportunities within the region.

The Group relies previously on outside services providers or subcontractors for exhibition production services, such as booth design planning, equipment procurement, lighting design and showcase decorations. Such reliance relationship has placed the Group a lesser competitive position to serve and response to our customers' needs. Aiming to improve our exhibitors' experience, the Group is evaluating the possibility of offering one-stop exhibition production services from booth design, exhibition equipment procurement and installation to events marketing in PRC. The Group considers such value-added services is a channel to assist the exhibition business growth in PRC and bring synergy with brand management business on events organising, design and marketing services.

Operation of brand management and brand management related downstream business in PRC

The Group has already propelled a remarkable progress in acquiring a company in providing bar brand services under the name of "PHEBE", "菲芘", "MT" and "U.CLUB" in various cities in PRC, including Shanghai, Suzhou, Yixing, Hefei, Nantong, Beihai etc. Details of the acquisition can be referred to the announcements of the Company dated 7 April 2017 and 12 July 2017 respectively and the acquisition was completed at 13 July 2017.

After the acquisition, the Group has obtained a list of franchisees operating under the disclosed brands, which allows the Group to gain sharing on income from franchising and provision of management services. Looking forward, the Group will strive to develop the disclosed brands as brands to offer premium and high end clubbing and entertainment experience, expand to other parts of the country and franchise to potential candidates in suitable location. Taking into account the associated business risk and if opportunities arise, the Group may also consider the possibilities of entering into PRC clubbing and entertainment market by utilising its own prestige brands resources and its event management expertise.

Operation of exhibition business in Hong Kong

Facing the challenges ahead such as increased competition and increased costs, the Group will be prudent in managing our business operations and evaluating business developing opportunities. The Group may also consider to scale down the operations in Hong Kong while exploring business opportunities outside of Hong Kong at the same time in diversifying our revenue sources and strengthening our competitive advantages, so that the Group can minimize possible exposure to the uncertainties.

Money lending business in Hong Kong

Apart from our core exhibition and brand management related business, to further expand our income source, the Group have diversified our business on 18 September 2017 through the acquisition of a company holding a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). It is expected after the completion of the acquisition, the Group can tap into the fast growing money lending industry in Hong Kong.

The Group will continue to put effort to improve and enhance its exhibition and brand management business. In the same time, the Group will explore any synergistic investment and development opportunities which help capitalising on any growth opportunities and thereon enhance our shareholders' value.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

General Overview

During the year, loss before tax from continuing operations was approximately HK$20,243,000 (2016: HK$63,457,000) representing a decrease of 68.1%. The decrease in loss was partially attributable to, less loss on financial assets at fair value through profit and loss. For the year ended 30 June 2016, the Group recorded a net loss on financial assets at fair value through profit and loss of approximately HK$40,994,000, whereas such net loss of approximately HK$2,909,000 was recorded during the year.

The revenue generated in Hong Kong during the year was approximately HK$90,728,000 (2016: HK$152,731,000), representing a decrease of 40.6%, with decline in revenue generated in Hong Kong, the Group will endeavor to broaden its income sources and enhance earning profile through exploring investment opportunities in PRC. Besides, significant effort had been be placed on controlling operating costs and review the operating efficiency so as to protect the Group's profitability. These controlling measures had partially offset the decline in revenue during the year and resulted decrease in loss for the year.

Organisation of Exhibitions

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

During the year, revenue generated from the organisation of exhibitions accounted for approximately HK$102,869,000 (2016: approximately HK$159,333,000), representing a decrease of 35.4% from the corresponding period of last year. As a direct result of weakening sentiment in consumer market caused by slowdown in economic growth and exhibitors were more cautious in their spending and reducing their budget for participating in trade fairs, the Group only staged three trade fairs, namely IGJ held in September 2016 and Mega Show Series held in October 2016 in Hong Kong and nil trade fair was organised in Germany during the year. IGJ was a brand new outdoor exhibition fair launched during the year and contributed a turnover of approximately HK$12,338,000 (2016: Nil).

The Group has successfully acquired an exhibition and management consulting group based in Shanghai, namely Sparkle Mass Limited and its subsidiaries ("**Sparkle Mass Group**") on 3 March 2017 (Details can be referred to the section headed "Material Acquisition and Disposal" below). It is noted that the performance of the Sparkle Mass Group for last few months has been in line with the Group's expectation and during the year, Sparkle Mass Group has contributed a revenue of approximately HK$12,210,000 (2016: Nil) to the Group.

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 2017, revenue generated from exhibition-related services was approximately HK$69,000 (2016: approximately HK$898,000). Since the organiser of Mega Show Series has engaged service provider for booth construction, the Group only served the on-site additional facilities services to exhibitors and resulted in a decrease in revenue of approximately HK$829,000.

Ancillary services

There was no relevant revenue for ancillary service provided during the year (2016: approximately HK$58,000).

Roadshows

On 3 June 2016, the Company, through its indirect wholly-owned subsidiary, Up Huge Corporation Limited ("**Up Huge**" or "**Sub-Licensee**"), entered into a sub-license agreement ("**Sub-License Agreement**") with Dorian Concept (Group) Limited ("**Licensee**"), pursuant to the Sub-License Agreement, the Licensee shall grant to the Sub-Licensee an exclusive, non-transferable sub-license to use the "Ultraman" all intellectual properties from television programs and movies produced from 1996 to 2016 ("**Sub-Licensed Rights**") at roadshows, events and exhibitions in Hong Kong, Macau and Taiwan. Details can be referred to the announcement of the Company dated 3 June 2016.

After acquired the Sub-Licensed Rights, the Group has collaborated with the Formosan Aboriginal Culture Village (the "**Theme Park**") in Taiwan. However, it has come to the Company's attention that the attendance recorded by the "Ultraman" stadium was below satisfactory.

As a result, the Company re-assessed its investments in the "Ultraman" brand. With no signs or indications that the attendance of the "Ultraman" stadium would be improved in near future after several months' observation, whereas the performance of Sparkle Mass Group, a newly acquired exhibition and management consulting group based in Shanghai has been in line with the Company's expectation, the Company estimated that the operation of the "Ultraman" stadium may not be able to meet the Company's expectation and business strategies. Accordingly, the Company, on 28 June 2017, proceeded to dispose the entire equity interest of Up Huge (Details can be referred to the section headed "Material Acquisition and Disposal" below). As a result of the disclosed disposal plan, Up Huge and its Sub-Licensed Rights were classified as asset classified as held for sale as at 30 June 2017.

During the year, no income was recorded for this segment (2016: Nil). The loss for the year from discontinued operation was HK$13,410,000 (2016: HK$1,087,000).

FINANCIAL REVIEW

Advertising and promotion Expenses

The advertising and promotion expenses primarily consist of advertising and promotional expenses for trade fairs in Hong Kong and Overseas. The advertising and promotion expenses decreased by approximately 71.0% or HK$13,531,000 to approximately HK$5,531,000 for the year ended 30 June 2017 from approximately HK$19,062,000 for the year ended 30 June 2016. Such decrease was mainly due to lesser spending on promotional activities as a result of costs control implemented.

Exhibition rentals

The exhibition rentals mainly represent the exhibition hall's rental expenses. The exhibition rentals decreased by approximately 35.6% or HK$10,502,000 to approximately HK$19,037,000 for the year ended 30 June 2017 from approximately HK$29,539,000 for the year ended 30 June 2016. As a result of lesser number of trade fairs were organised, the exhibition rental decreased accordingly.

Staff costs

The staff costs comprise salaries, wages, discretionary bonuses to staff and other benefits including retirement benefit costs and other allowances and benefits payable to the permanent staff. The staff costs decreased by approximately 44.6% or HK$18,579,000 to approximately HK$23,116,000 for the year ended 30 June 2017 from approximately HK$41,695,000 for the year ended 30 June 2016. Such decrease was mainly due to the decrease in manpower in Hong Kong as a result of scaling down strategy in Hong Kong.

Booth construction costs

The booth construction costs represent the subcontracting fee paid to building contractors in relation to construction of the exhibition sites and the decoration of the exhibition booths. The booth construction costs increased slightly by approximately 11.2% or HK$1,876,000 to approximately HK$18,580,000 for the year ended 30 June 2017 from approximately HK$16,704,000 for the year ended 30 June 2016. The slight increase in booth constructions costs was primarily attributable to the relatively higher outdoor sub-contracting cost for the event of IGJ launched during the year.

Liquidity, Financial Resources and Gearing

As at 30 June 2017, the Group's total current assets and current liabilities, exclusive of asset classified as held for sale, were approximately HK$85,002,000 (2016: approximately HK$146,913,000) and approximately HK$28,296,000 (2016: approximately HK$115,358,000) respectively, while the current ratio was about 3.0 times (2016: 1.3 times).

As at 30 June 2017, the Group maintained cash and cash equivalents of approximately HK$54,583,000 (2016: approximately HK$28,382,000). The increase in cash and cash equivalents was primarily due to combined net effect of (i) increase in share capital and share premium of approximately HK$92,404,000 from the issuance of 150,800,000 new ordinary shares at HK$0.63 each completed on 23 December 2016 (Details can be referred to the section headed "Placing of new shares under general mandate" below) and; (ii) acquisition of Sparkle Mass Group by HK$40,000,000 cash (Details can be referred to the section headed "Material Acquisition and Disposal" below).

The cash and cash equivalents of the Group as at 30 June 2017 was mainly denominated in Hong Kong dollars ("**HK$**") and Renminbi ("**RMB**").

In the foreseeable future, the Group expects to fund its capital expenditures, working capital and other capital requirements from the internal resources and other financing means which the Company may from time to time consider appropriate. As at 30 June 2017, the Group had no borrowings (2016: Nil). The gearing ratio, which is calculated by dividing total borrowings by total equity, as at 30 June 2017 was zero (2016: zero).

As at 30 June 2017 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 2017 and 2016.

Capital Structure

As at 30 June 2017, the total equity of the Group was approximately HK$142,030,000 (2016: approximately HK$88,982,000). The increase was mainly attributable to combined net effect of (i) increase in share capital and share premium of approximately HK$92,404,000 from the issuance of 150,800,000 new ordinary shares at HK$0.63 each completed on 23 December 2016 (Details can be referred to the section headed "Placing of new shares under general mandate" below) and; (ii) loss for the year of approximately HK$39,317,000.

The Group had no borrowings, debt securities or other capital instruments as at 30 June 2017. The Group manages its capital to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through maintaining the equity and debt in a balanced position. As at 30 June 2017, the Company's issued share capital was approximately HK$2,701,600 (2016: HK$2,400,000) with 1,350,800,000 (2016: 1,200,000,000) ordinary shares of HK$0.002 each in issue.

Material Acquisition and Disposal

On 10 February 2017, Eastern Pioneer Holdings Limited ("**Eastern Pioneer**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("**Purchase Agreement I**") with Mr. Liu Jiazhen ("**Mr. Liu**"), an independent third party not connected with the Company and its connected person. Pursuant to the Purchase Agreement I, Eastern Pioneer agreed to purchase the entire equity interest of Sparkle Mass Group from Mr. Liu at a consideration of HK$40,000,000 by cash. Details in relation to the acquisition of Sparkle Mass Group can be referred to the announcement of the Company dated 10 February 2017. The transaction was completed on 3 March 2017 and the Company is exercising control over Sparkle Mass Group thereafter.

On 7 April 2017, Super Team Development Limited ("**Super Team**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("**Purchase Agreement II**") with Ms. Wong Man ("**Ms. Wong**"), an independent third party not connected with the Company and its connected person. Pursuant to the Purchase Agreement II, Super Team agreed to purchase the entire equity interest of Fortune Selection Limited and its subsidiaries ("**Fortune Selection Group**") from Ms. Wong at a consideration of approximately HK$48,024,000, which shall be satisfied by the issuance of four batches of the convertibles bonds ("**Convertible Bonds**") of the Company. Details can be referred to the announcements of the Company dated 7 April 2017 and 12 July 2017 respectively in relation to the acquisitions of Fortune Selection Group and extension of the long stop date. The transaction was completed on 13 July 2017 and Convertible Bonds with principal amount of HK$24,012,000 was issued to Ms. Wong.

On 28 June 2017, Integral Wealth Limited ("**Integral Wealth**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("**Sale Agreement**") with Ever Genesis Limited ("**Ever Genesis**"), an entity wholly-owned by Mr. Wang Jian, an independent third party not connected with the Company and its connected person. Pursuant to the Sale Agreement, Integral Wealth agreed to sell the entire equity interest of Up Huge to Ever Genesis at a consideration of HK$50,000,000 by cash. Up Huge is an investment vehicle of the Company holding the Ultraman Sub-Licensed Rights. Details can be referred to the announcement of the Company dated 28 June 2017 in relation to the disposal of Up Huge. Since then the completion took place on 10 July 2017, Up Huge is no longer a subsidiary of the Company.

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

Significant Investments

A net loss of approximately HK$2,909,000 (2016: approximately HK$40,994,000) was recognised for the Group's financial assets at fair value through profit or loss during the year. Such net loss comprised (i) loss on fair value change of profit guarantee of approximately HK$210,000 (2016: Nil) and (ii) net realised and unrealised loss on financial assets at fair value through profit or loss of approximately HK$2,699,000 (2016: approximately HK$40,994,000). Details can be referred to Note 6 of this announcement.

Pursuant to the Purchases Agreement I, Mr. Liu undertakes that the net profit of the Sparkle Mass Group in the audited financial statements for each of the financial year ended 31 December 2017, 31 December 2018 and 31 December 2019 (the "**Relevant Periods**") shall not be less than HK$13,000,000, HK$14,000,000 and HK$15,000,000 respectively ("**Guaranteed Profit**"). If there is a shortfall on the Guaranteed Profit in each of the Guaranteed Period, there will be cash compensation of the shortfall from Mr. Liu to the Group.

During the year, as a result of disposal and redemption of all listed and unlisted investments, the Group no longer held any portfolio of listed and unlisted investments as at 30 June 2017 (2016: approximately HK$64,827,000). As at 30 June 2017, the financial assets at fair value through profit or loss of approximately HK$3,540,000 solely represented the fair value of the Guaranteed Profit as a result of acquisition of Sparkle Mass Group and the fair values were based on a valuation conducted by an independent firm of professional valuer after assessing the possibility of meeting the Guaranteed Profit and certain assumptions of market conditions. The loss on fair value change of profit guarantee of approximately HK$210,000 (2016: Nil) represented the fair value change of Guaranteed Profit between the date of acquisition of Sparkle Mass Group and the year ended 30 June 2017.

	2017	2016
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss		
– Guaranteed Profit	**3,540**	–
Financial assets at fair value through profit or loss		
– Listed and unlisted investments	**–**	64,827
	3,540	64,827

Details of significant portfolio of listed and unlisted investments as at 30 June 2016 and the related realised and unrealised gain/loss on financial assets at fair value through profit or loss for the year ended 30 June 2017 and year ended 30 June 2016 are as follows:

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

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

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

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	Unrealised (loss) for the year ended 30 June 2016	Dividend received for the year ended 30 June 2016
		HK$'000	*HK$'000*	*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	Unrealised loss for the year ended 30 June 2016	Dividend received for the year ended 30 June 2016
	HK$'000	*HK$'000*	*HK$'000*
KKC Capital High Growth Fund Segregated Portfolio	–	(6,481)	–

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.

Subsequent Events

On 10 July 2017, the Group completed the disposal transaction of Up Huge with a consideration of HK$50,000,000. The Group has received the proceeds of the consideration.

On 13 July 2017, an indirect wholly-owned subsidiary of the Company completed the acquisition transaction of 100% equity interest of Fortune Selection Group at a consideration of approximately HK$48,024,000, which shall be satisfied by the issuance of Convertible Bonds of the Company. Convertible Bonds with principal amount of HK$24,012,000 was issued on the date of completion.

Conversion notice was received for the exercise of the conversion rights attached to the Convertible Bonds in respect of the principal amount of HK$24,012,000 at the conversion price of HK$0.92 per share. A total number of 26,100,000 new ordinary shares have been allotted and issued to Ms. Wong on 27 July 2017. Details can be referred to the announcement of the Company dated 27 July 2017.

Future Plans for Material Investment or Capital Assets

The Group will actively seek for market opportunities in order to broaden its capital base and to enhance its income source. As stated in the Chairman's Statement of the Company, the Group is expected to diversify income stream and enhance earning profile through exploring investment opportunities in PRC, which may or may not include any assets and/or business acquisitions or disposals by the Group. Any such plans will be subject to review and approval by the Board and compliance with the applicable requirements under the Listing Rules where appropriate. The Group may also implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable investment opportunities arise.

Placing of new shares under general mandate

On 6 December 2016, the Company and Kingston Securities Limited ("**Placing Agent**") entered into a placing agreement, whereby the Company has conditionally agreed to place, through the Placing Agent ("**Placing**"), on a best effort basis, of up to 150,800,000 new ordinary shares under general mandate ("**Placing Share(s)**") to not less than six placees who and whose ultimate beneficial owners shall be independent third parties at the placing price of HK$0.63 per Placing Share. The Placing was completed on 23 December 2016 and raised net proceeds of approximately HK$92,404,000, which is intended to be used for the general working capital of the Group and/or future investments if opportunities arise. The net price per Placing Share was approximately HK$0.61 after deduction of relevant expenses of the Placing. The Placing Shares had a market value of approximately HK$116,116,000 based on the closing price of the shares of the Company of HK$0.77 on 6 December 2016 (being the date on which the terms of the Placing were fixed) and a nominal value of HK$301,600.

Use of proceeds:

Date of announcement	Completion date	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceed (as at 30 June 2017)
6 December 2016	23 December 2016	Placing of new shares under general mandate	Approximately HK$92.4 million	For the general working capital of the Group and/or future investments if opportunities arise	(i) HK$40 million was used to acquire Sparkle Mass Group to strengthen and enhance the Group's exhibition business in PRC; (ii) approximately HK$15.4 million was used for general working capital of the Group; and (iii) approximately HK$37 million will be used as intended.

Exposure to Fluctuation in Exchange Rates

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

Employee and Remuneration Policy

As at 30 June 2017, the Group had a total of 23 full-time employees in Hong Kong and 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 will review and give recommendations to the Board as to the compensation package of the Directors of the Company and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management.

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

- Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman provides leadership for the Board and ensures that the Board works effectively and discharges its responsibility whilst the chief executive officer of the Company has overall chief executive responsibility for the Group's business development and day-to-day management generally.

  Mr. Deng Zhonglin, being the chief executive officer of the Company ("**CEO**"), was appointed as chairman of the Board ("**Chairman**") on 12 May 2017. In view of the current rapid development of the Group, the Board believes that vesting the roles of both Chairman and CEO in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. In addition, under the supervision of the Board which is comprised of three executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders. The Company may seek to re-comply with code provision A.2.1 by identifying and appointing a suitable and qualified candidate to the position of the CEO in due course by considering the business needs and developments of the Group.

- Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Choi Hung Fai and Mr. Yang Bo, being independent non-executive Directors, could not attend the annual general meeting of the Company held on 9 December 2016 because of their other business commitments; Aiming for compliance with this code provision, the Company will continue to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way to enable all Directors to attend the general meetings as far as possible.

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

Except for the above deviations from CG Code, the Board is of the view that the Company has complied with the CG Code for the year ended 30 June 2017. The Company reviews its corporate governance practices regularly to ensure compliance with the CG code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. In response to specific enquiry made by the Company, each of the Directors confirmed that he/she had complied with the Model Code during the year ended 30 June 2017.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30 June 2017 (2016: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 30 June 2017.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2017 have been agreed by the Group's auditor, HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLM CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee comprises all the three independent non-executive Directors, namely Mr. Tsang Wing Ki (chairman), Mr. Choi Hung Fai and Mr. Yang Bo. The Audit Committee has reviewed, with management and the independent auditor of the Company, the annual results and the consolidated financial statements of the Group for the year ended 30 June 2017.

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

Hong Kong, 22 September 2017

As at the date of this announcement, the Board comprises Mr. Deng Zhonglin, Ms. Zhang Jun and Mr. Lu Linyu as executive Directors; Mr. Choi Hung Fai, Mr. Yang Bo and Mr. Tsang Wing Ki as independent non-executive Directors.