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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

The board (the “**Board**”) of directors (the “**Directors**”) of Mega Expo Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 31 December 2015 (“**Reporting Period**”) together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

	<i>Note</i>	For the six months ended 31 December	
		2015 HK\$’000 (Unaudited)	2014 HK\$’000 (Unaudited)
Revenue	5	152,793	178,783
Other revenue		1,405	736
Other gains	6	113	318
Other losses	7	(26,236)	–
Advertising and promotion expenses		(14,104)	(13,790)
Agency commission		(4,590)	(2,920)
Exhibition rentals		(28,020)	(29,966)
Staff cost		(30,904)	(30,723)
Booth construction costs		(15,179)	(17,971)
Exhibition expenses		(14,619)	(10,681)
Other operating expenses		(30,599)	(19,828)

		For the six months ended	
		31 December	
		2015	2014
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
(Loss)/profit before tax	6	(9,940)	53,958
Taxation	8	<u>(6,898)</u>	<u>(10,567)</u>
(Loss)/profit for the period		(16,838)	43,391
Other comprehensive loss for the period, net of tax:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange difference on translation of foreign operations		<u>(93)</u>	<u>(8)</u>
Total comprehensive (loss)/income for the period, net of tax		<u>(16,931)</u>	<u>43,383</u>
(Loss)/profit for the period attributable to:			
Owners of the Company		(16,432)	43,391
Non-controlling interests		<u>(406)</u>	<u>–</u>
		<u>(16,838)</u>	<u>43,391</u>
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(16,525)	43,383
Non-controlling interests		<u>(406)</u>	<u>–</u>
		<u>(16,931)</u>	<u>43,383</u>
(Loss)/earnings per share attributable to owners of the Company			
– Basic and diluted	10	<u>(2.05) HK cents</u>	<u>20.75 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

		At 31 December 2015 <i>HK\$'000</i> (Unaudited)	At 30 June 2015 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		<u>11,056</u>	<u>5,253</u>
Current assets			
Prepayments, deposits and other receivables	<i>11</i>	48,841	39,518
Financial assets at fair value through profit or loss		94,421	–
Cash and cash equivalents		<u>55,855</u>	<u>230,721</u>
		<u>199,117</u>	<u>270,239</u>
Current liabilities			
Receipt in advance		33,896	108,117
Accruals and other payables	<i>12</i>	31,109	4,434
Amount due to a shareholder		–	8
Amount due to a related company		–	362
Income tax payable		<u>4,347</u>	<u>4,819</u>
		<u>69,352</u>	<u>117,740</u>
Net current assets		<u>129,765</u>	<u>152,499</u>
Total assets less current liabilities		<u><u>140,821</u></u>	<u><u>157,752</u></u>

	At 31 December 2015 <i>HK\$'000</i> (Unaudited)	At 30 June 2015 <i>HK\$'000</i> (Audited)
Capital and reserves		
Share capital	2,400	2,400
Reserves	<u>138,880</u>	<u>155,405</u>
Equity attributable to owners of the Company	141,280	157,805
Non-controlling interests	<u>(459)</u>	<u>(53)</u>
Total equity	<u><u>140,821</u></u>	<u><u>157,752</u></u>

Notes:

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

The unaudited condensed consolidated financial statements have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee.

2. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 as contained in the Company’s annual report 2014/2015 (the “**Annual Report**”).

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In the current interim period, there are no new and revised standards, amendments and interpretations (“**New HKFRSs**”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 July 2015.

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

Amendments to HKFRSs HKFRS 9	Annual Improvements to HKFRSs 2012-2014 Cycle ² Financial Instruments ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKFRS 11 HKFRS 14	Accounting for Acquisitions of Interests in Joint Operations ² Regulatory Deferral Accounts ¹
HKFRS 15 (Revised)	Revenue from Contracts with Customers ⁴
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²

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

² Effective for annual periods 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

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.

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 15 Revenue from Contracts with Customers (Revised)

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and revised in September 2015. 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.

The Directors anticipate that the application of these other new and revised standards, amendments and interpretation will have no material impact on the condensed 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 organised into three operating divisions: organisation of exhibitions, exhibition-related services and ancillary services. These divisions are the basis on which the Group reports its segment information.

The three operating and reportable segments are as follows:

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

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

For the six months ended 31 December

	Organisation of exhibitions		Exhibition-related services		Ancillary services		Total	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue								
Segment revenue	151,956	170,366	2,744	25,451	58	84	154,758	195,901
Inter-segment revenue	-	-	(1,965)	(17,118)	-	-	(1,965)	(17,118)
Revenue from external customers	151,956	170,366	779	8,333	58	84	152,793	178,783
Results								
Segment results	66,385	83,166	779	8,333	52	(108)	67,216	91,391
Net realised loss on disposal of financial assets at fair value through profit or loss							(110)	-
Net loss arising on revaluation of financial assets at fair value through profit or loss							(26,126)	-
Unallocated income							409	1,007
Unallocated corporate expenses							(31,449)	(38,440)
(Loss)/profit before tax							(9,940)	53,958
Taxation							(6,898)	(10,567)
(Loss)/profit for the period							(16,838)	43,391

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

	Organisation of exhibitions		Exhibition-related services		Ancillary services		Total	
	At 31 December 2015 HK\$'000 (Unaudited)	At 30 June 2015 HK\$'000 (Audited)	At 31 December 2015 HK\$'000 (Unaudited)	At 30 June 2015 HK\$'000 (Audited)	At 31 December 2015 HK\$'000 (Unaudited)	At 30 June 2015 HK\$'000 (Audited)	At 31 December 2015 HK\$'000 (Unaudited)	At 30 June 2015 HK\$'000 (Audited)
Assets								
Segment assets	7,119	29,562	-	-	-	-	7,119	29,562
Unallocated corporate assets							203,054	245,930
							210,173	275,492
Liabilities								
Segment liabilities	33,896	108,113	-	-	-	4	33,896	108,117
Unallocated corporate liabilities							35,456	9,623
							69,352	117,790

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

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

Other segment information

For the six months ended 31 December

	Organisation of exhibitions		Exhibition-related services		Ancillary services		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Depreciation and amortisation	-	-	-	-	-	-	2,289	1,844	2,289	1,844
Capital expenditures	-	-	-	-	-	-	8,067	427	8,067	427
Impairment loss recognised in respect of prepayment	-	-	-	-	-	-	-	736	-	736
	-	-	-	-	-	-	-	736	-	736

5. REVENUE

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

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

	For the six months ended 31 December	
	2015	2014
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Participation income	151,956	170,366
Additional facilities income	779	7,914
Sub-contracting and management fee income	-	419
Other ancillary service income	58	84
	152,793	178,783

6. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended	
	31 December	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs:		
Employee benefit expenses (including directors' remuneration):		
– Wages and salaries	30,075	29,906
– Retirement benefit schemes contributions	829	817
	<u>30,904</u>	<u>30,723</u>
Other items:		
Depreciation of owned property, plant and equipment	2,289	1,844
Auditors' remuneration	540	683
Impairment loss recognised in respect of prepayment	–	736
Operating lease rentals in respect of land and building	7,914	4,911
	<u>7,914</u>	<u>4,911</u>
And after crediting:		
Other gains:		
Interest income	14	270
Exchange gain, net	99	48
	<u>113</u>	<u>318</u>

7. OTHER LOSSES

	For the six months ended	
	31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net realised loss on disposal of financial assets at fair value through profit or loss	110	–
Net loss arising on revaluation of financial assets at fair value through profit or loss	<u>26,126</u>	<u>–</u>
	<u>26,236</u>	<u>–</u>

8. TAXATION

	For the six months ended	
	31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	6,820	10,567
Other than Hong Kong	<u>78</u>	<u>–</u>
	<u>6,898</u>	<u>10,567</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 31 December 2015 and 2014.

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

9. DIVIDENDS

The Directors of the Company do not recommend the payment of an interim dividend for the Reporting Period (2014: Nil).

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

10. (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 Reporting Period of approximately HK\$16,432,000 (2014: profit of approximately HK\$43,391,000) and on the weighted average number of 800,272,492 ordinary shares (2014: 209,130,434 ordinary shares) in issue during the Reporting Period.

There was no dilutive potential ordinary shares in existence during the six months ended 31 December 2015 and 2014 respectively, therefore the diluted loss per share is the same as the basic loss per share.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2015 <i>HK\$'000</i> (Unaudited)	At 30 June 2015 <i>HK\$'000</i> (Audited)
Prepayments	22,572	33,248
Deposits	5,950	6,226
Other receivables	20,319	44
	<u>48,841</u>	<u>39,518</u>

12. ACCRUALS AND OTHER PAYABLES

	At 31 December 2015 <i>HK\$'000</i> (Unaudited)	At 30 June 2015 <i>HK\$'000</i> (Audited)
Accruals	23,102	4,377
Other payables	8,007	57
	<u>31,109</u>	<u>4,434</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

For the six months ended 31 December 2015, the Group recorded a total revenue of approximately HK\$152,793,000 (2014: approximately HK\$178,783,000), representing a decline of 14.5% for the corresponding period of last year. The decline in turnover were due to the keen competition from other exhibition organisers and unfavourable global economic environment. For the six months ended 31 December 2015, revenue from organisation of exhibitions accounted for 99.5% (2014: 95.3%) of the total revenue, while revenue from provision of exhibition related services accounted for 0.5% (2014: 4.7%).

During the Reporting Period, loss before tax was approximately HK\$9,940,000 (2014: profit of approximately HK\$53,958,000), representing a decrease of 118.4% from the corresponding period of last year which was mainly driven by unrealised loss on financial assets at fair value through profit or loss, drop in revenue and increase in the agency commission and other operating expenses.

REVIEW OF BUSINESS ACTIVITIES

During the Reporting Period, the Group staged three trade fairs, including the first launched exhibition named Macao International Gem Fair held during 27-30 July 2015 in Macao, Mega Show Part 1 held during 20-23 October 2015 and Mega Show Part 2 held during 27-29 October 2015 in Hong Kong.

Due to the undesirable participation rate of Home Appliances, Lighting & Electronics Exhibition (“ALEEX”), the proposed ALEEX to be held in October 2015 was suspended during the Reporting Period.

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 Reporting Period, revenue generated from the organisation of exhibitions accounted for approximately HK\$151,956,000 (2014: approximately HK\$170,366,000), representing a decrease of 10.8% from the corresponding period of last year. 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 participation in trade fairs; this factor coupled with the change over of our sales agents during the Reporting Period, led to a drop in our participation income of approximately HK\$18,410,000 for Mega Show Series and the undesirable participation rate also led to a suspension of ALEEX which contributed a turnover of approximately HK\$1,509,000 during the corresponding period of last year.

In order to meet with the keen competition among competitors and to diversify the categories of trade fair, the Group has launched a brand new Gem Fair in July 2015 which contributed a turnover of approximately HK\$3,132,000. The change over of sales agents and the engagement of new replacement sales agents increased our agency commission to approximately HK\$4,590,000 (2014: approximately HK\$2,920,000).

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 Reporting Period, revenue generated from exhibition-related services was approximately HK\$779,000 (2014: approximately HK\$8,333,000). 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 results in a decrease in revenue of approximately HK\$6,996,000 and decrease in booth construction cost of approximately HK\$2,792,000.

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 Reporting Period of approximately HK\$58,000 (2014: approximately HK\$84,000) which represented the decrease in advertising income generated from the advertisement of the exhibitors to be published in the show magazine.

FUTURE PLANS AND 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 critical drop in the price of raw materials and commodities and the global fluctuation in exchange rates are posing uncertainties to consumer goods manufacturers in Asia, who are the main target group of customers of the Group.

Due to the high rental and labour costs, the Hong Kong-based manufacturing industry is also shrinking. This is evident from the declining number of exhibition booths originating from Hong Kong companies at Mega Show Part 1 and 2. Echoing the analysis of the economic performance in 2015 and the economic outlook for 2016 included in the recent 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 1.9% growth in the fourth quarter of 2015. We also believe that economic environment and politics can be closely affecting each other, social conflicts and political volatility, if continues, 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 is 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 minimize 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 source.

For trade shows in Hong Kong, aside we may consider to cautiously downsizing our capital and human resources involvement to minimize 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 trade shows overseas.

We will continue to explore opportunities to diversify the income source for the Group not limited to acquire profitable projects and entering into new venture projects in relation to roadshow, event and exhibition.

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

On 27 November 2015, the Company has negotiated at a very early stage with an independent third party on the potential acquisition (the “**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 will 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. The Possible Investment and the Potential Acquisition could also expand the Group’s business scope and broaden its income sources and enhance its financial performance and will be beneficial to the future growth and business development of the Group as a whole.

On 21 January 2016, Integral Wealth Limited, an indirect wholly-owned subsidiary of the Company (the “**Purchaser**”), entered into the non-legally binding letter of intent with Dorian Concept (Group) Limited (the “**Vendor**”), an independent third party, in respect of the possible acquisition of an indirect wholly-owned subsidiary of the Vendor (the “**Target Company**”). The Target Company is a company to be established to hold the rights to use the Ultraman Intellectual Properties in Hong Kong and Macao for roadshow, event, exhibition etc. For details, please refer to the announcement of the Company dated 21 January 2016.

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

INTERIM DIVIDENDS

The Board do not recommend the payment of interim dividend for the Reporting Period (2014: Nil).

CAPITAL STRUCTURE

Shareholders' equity decreased to approximately HK\$140,821,000 as at 31 December 2015 from approximately HK\$157,752,000 as at 30 June 2015. The main reason for the change is the comprehensive loss during the Reporting Period of approximately HK\$16,931,000. As at 31 December 2015, the Group did not have any long term debts (30 June 2015: Nil).

Share subdivision of the Company

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

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2015, the Group has a total assets of approximately HK\$210,173,000 (30 June 2015: approximately HK\$275,492,000) which was financed by current liabilities of approximately HK\$69,352,000 (30 June 2015: approximately HK\$117,740,000), non-controlling interest of approximately HK\$459,000 (30 June 2015: approximately HK\$53,000) and shareholders' equity of approximately HK\$140,821,000 (30 June 2015: approximately HK\$157,752,000).

The cash and cash equivalent of the Group as at 31 December 2015 was mainly denominated in Hong Kong dollars (“**HK\$**”), United States dollars (“**USD**”) and Renminbi (“**RMB**”) respectively.

As at 31 December 2015, the Group's current ratio was 2.87 (30 June 2015: 2.30); and since the Group did not have any debts, no gearing ratio was presented.

As at 31 December 2015, the Group did not pledge any of its assets and had no material capital commitment and contingent liabilities. The Group did not have any charges on assets as at 31 December 2015.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2015, the Group has a total of 118 full-time employees in Hong Kong and the PRC. The remuneration payable to our employees includes salaries, discretionary bonus and commission. Remuneration package are generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits.

EVENTS AFTER REPORTING PERIOD

- (i) On 18 January 2016, Mr. Du Changqing resigned from his position of executive Director (“**ED**”) on even date.
- (ii) On 21 January 2016, Integral Wealth Limited, an indirect wholly-owned subsidiary of the Company (the “**Purchaser**”), entered into the non-legally binding letter of intent with Dorian Concept (Group) Limited (the “**Vendor**”), an independent third party, in respect of the possible acquisition of an indirect wholly-owned subsidiary of the Vendor (the “**Target Company**”). The Target Company is a company to be established to hold the rights to use the Ultraman Intellectual Properties in Hong Kong and Macao for roadshow, event, exhibition etc. For details, please refer to the announcement of the Company dated 21 January 2016.

Save as disclosed above, the Group do not have any material subsequent event after the Reporting Period.

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

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

CORPORATE GOVERNANCE PRACTICES

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

- 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 division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. The roles of the Chairman and the CEO was not separated and was performed by the same individual, Mr. Lee Chi Sang (“**Mr. Lee**”) who acted as both the Chairman and CEO during part of the Reporting Period.

Mr. Lee resigned as an ED, Chairman, CEO, the chairman of the nomination committee of the Board and member of the remuneration committee of the Board with effect from 31 July 2015 due to his other personal commitments. Following which, the role of Chairman is performed by Mr. Lam Wa and the role of CEO was performed by Mr. Sun Sizhi (who were both appointed as EDs with effect from 31 July 2015), which complies with code provision A.2.1 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited interim report for the six months ended 31 December 2015 with no disagreement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.megaexpoholdings.com) and the Stock Exchange (www.hkexnews.hk). The interim report for the six months ended 31 December 2015 of the Company will be despatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board
Mega Expo Holdings Limited
Lam Wa
Chairman

Hong Kong, 26 February 2016

As at the date of this announcement, the Board comprises Mr. Lam Wa, Mr. Liu Gejiang and Mr. Sun Sizhi as executive Directors; Mr. Yeung Chun Yue, David, Mr. Choi Hung Fai and Mr. Yang Bo as independent non-executive Directors.