MEGA MEDICAL TECHNOLOGY LIMITED
美加醫學科技有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 876)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended	
		30.6.2016	30.6.2015
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**168,650**	167,255
Cost of goods sold		**(111,691)**	(137,295)
Gross profit		**56,959**	29,960
Other income		**1,283**	153
Selling and distribution costs		**(15,282)**	(16,004)
Administrative expenses		**(42,203)**	(43,808)
Other expenses		**(113)**	(429)
Gain on disposal of subsidiaries		**12,541**	–
Finance costs		**(70)**	(162)
Profit (loss) before taxation	*4*	**13,115**	(30,290)
Taxation	*5*	**(5,079)**	(1,322)
Profit (loss) for the period		**8,036**	(31,612)

		Six months ended	
		30.6.2016	30.6.2015
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations:			
Exchange differences arising during the period		**(11,565)**	1,633
Reclassification of exchange differences upon disposal of subsidiaries		**2,849**	–
		(8,716)	1,633
Total comprehensive expense for the period		**(680)**	(29,979)
Profit (loss) for the period attributable to:			
Owners of the Company		**9,514**	(22,955)
Non-controlling interests		**(1,478)**	(8,657)
		8,036	(31,612)
Total comprehensive expense attributable to:			
Owners of the Company		**(33)**	(21,944)
Non-controlling interests		**(647)**	(8,035)
		(680)	(29,979)
Earnings (loss) per share	*7*		
– Basic (HK cents)		**0.25 HK cents**	(0.70) HK cents
– Diluted (HK cents)		**0.25 HK cents**	(0.70) HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	NOTES	30.6.2016 HK$'000 (unaudited)	31.12.2015 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**9,322**	9,113
Prepaid lease payments		–	7,968
Intangible asset		**27,991**	29,839
Goodwill		**330,805**	330,805
		368,118	377,725
Current assets			
Inventories		**5,947**	7,796
Trade and other receivables	8	**136,315**	89,467
Amount due from a director		**39,273**	40,772
Taxation recoverable		–	122
Bank balances and cash		**83,950**	130,150
		265,485	268,307
Assets classified as held for sale		–	177,652
		265,485	445,959
Current liabilities			
Trade and other payables	9	**58,670**	186,902
Amounts due to non-controlling shareholders of subsidiaries		**30,474**	1,943
Amounts due to related parties		**11,482**	43,713
Taxation payable		**4,318**	11,868
Bank loans		–	1,134
		104,944	245,560
Liabilities associated with assets classified as held for sale		–	3,508
		104,944	249,068
Net current assets		**160,541**	196,891
Total assets less current liabilities		**528,659**	574,616
Non-current liabilities			
Deferred taxation		**6,998**	7,460
		521,661	567,156
Capital and reserves			
Share capital		**4,783**	4,783
Reserves		**510,806**	502,577
Equity attributable to owners of the Company		**515,589**	507,360
Non-controlling interests		**6,072**	59,796
		521,661	567,156

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are effective during the current period.

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating activities are currently attributable to two operating segments focusing on the manufacture of and trading in dental prosthetics and manufacture of and trading in electronic components. These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conformed to HKFRSs, that are regularly reviewed by the executive directors of the Company (the "Executive Directors") (being the chief operating decision maker of the Company). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. The details of operating and reportable segments of the Group are as follows:

- Manufacture of and trading in dental prosthetics
- Manufacture of and trading in electronic components

The following is an analysis of the Group's revenue and results by operating segments.

Segment revenues and results

	Manufacture of and trading in dental prosthetics	**Manufacture of and trading in electronic components**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
For the six months ended 30 June 2016			
TURNOVER			
External sales	**97,198**	**71,452**	**168,650**
RESULTS			
Segment results	**30,858**	**(11,556)**	**19,302**
Unallocated income			**13,846**
Unallocated expenses			**(19,963)**
Finance costs			**(70)**
Profit before taxation			**13,115**

	Manufacture of and trading in dental prosthetics	Manufacture of and trading in electronic components	Total
	HK$'000	*HK$'000*	*HK$'000*
For the six months ended 30 June 2015			
TURNOVER			
External sales	23,352	143,903	167,255
RESULTS			
Segment results	6,673	(28,063)	(21,390)
Unallocated income			153
Unallocated expenses			(8,891)
Finance costs			(162)
Loss before taxation			(30,290)

Segment results represents the profit earned (loss incurred) by each segment without allocation of central administration costs and other income/expenses, finance costs and gain on disposal of subsidiaries. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

4. PROFIT (LOSS) BEFORE TAXATION

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**109**	110
Amortisation of intangible asset (included in cost of sales)	**1,848**	–
Depreciation of property, plant and equipment	**1,540**	608
Write-off of property, plant and equipment	**–**	236
Interest on bank deposits	**(6)**	(3)
Net exchange gain (included in other income)	**(973)**	(104)

5. TAXATION

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**3,460**	659
PRC Enterprise Income Tax	**2,081**	663
	5,541	1,322
Deferred tax credit	**(462)**	–
	5,079	1,322

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

The provision for PRC Enterprise Income Tax ("EIT") is based on the estimated taxable income for PRC taxation purpose at the rate of taxation applicable for the period. Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

6. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

7. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the following data:

	Six months ended	
	30.6.2016	30.6.2015
	HK$'000	*HK$'000*
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company for the purpose of basic and diluted per share	**9,514**	(22,955)

Number of shares

	Six months ended	
	30.6.2016	30.6.2015
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**3,826,207,031**	3,270,958,412
Effect of dilutive potential ordinary shares:		
Share options	**4,142,308**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,830,349,339**	3,270,958,412

The computation of diluted loss per share for the period ended 30 June 2015 have not assumed the conversion of the Company's outstanding share options, which would reduce the loss per share.

8. TRADE AND OTHER RECEIVABLES

At 30 June 2016, included in trade and other receivables were trade receivables of HK$57,781,000 (31 December 2015: HK$73,022,000). Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days after issuance, except for certain well-established customers, where the terms are extended to 120 days.

The following is an aged analysis of trade receivables, presented based on invoice dates (also approximates to revenue recognition date) at the end of the reporting period:

	30.6.2016	31.12.2015
	HK$'000	*HK$'000*
0 – 90 days	**51,752**	70,095
91 – 180 days	**6,029**	2,927
	57,781	73,022

9. TRADE AND OTHER PAYABLES

	30.6.2016	31.12.2015
	HK$'000	*HK$'000*
Trade payables	**9,886**	24,306
Accrued expenses	**26,812**	23,428
Other payables	**21,972**	139,168
	58,670	186,902

The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period.

	30.6.2016	31.12.2015
	HK$'000	*HK$'000*
0 – 90 days	**9,826**	24,103
91 – 180 days	**53**	22
Over 180 days	**7**	181
	9,886	24,306

REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Company for the six months ended 30 June 2016 have been reviewed by the Audit Committee and the Company's auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

For the six months period ended 30 June 2016 (the "Period"), the Company and its subsidiaries (together the "Group") recorded turnover of approximately HK$168,650,000, representing an increase of 0.8% from HK$167,255,000 of the corresponding period in 2015. The gross profit margin has been increased from 17.9% for the six months period ended 30 June 2015 to 33.8% for the six months period ended 30 June 2016.

During the Period, the Group recorded profit before taxation of approximately HK$13,115,000 compared to a loss before taxation of approximately HK$30,290,000 in the corresponding period in 2015. Profit for the Period of approximately HK$8,036,000 compared to a loss for the period of approximately HK$31,612,000 in the corresponding period in 2015. The profit attributable to the owners of the Company was approximately HK$9,514,000 while there was a loss attributable to the owners of the Company of HK$22,955,000 in the corresponding period in 2015.

Basic and diluted earnings per share for the Period were 0.25 HK cents per share and 0.25 HK cents per share, respectively; and the basic and diluted loss per share in the corresponding period in 2015 were both 0.70 HK cents per share.

Interim Dividend

The board of Directors (the "Board") did not recommend the payment of an interim dividend for the Period (six months period ended 30 June 2015: Nil).

Business Review

Electronic Manufacturing Services Business (the "EMS Business")

Under the backdrop of a fragile global economy, the first half of 2016 has remained challenging for players in the consumer electronic industry, with continued cut-throat competition and market consolidation. The demand for electronic products remains weak due to the sluggish global economy. The Group is operating under an extremely challenging condition and entering an era of intensive price competition.

Due to instability in the financial markets, purchasing managers worldwide tended to favour a more conservative approach which in turn led to the postponement in orders so as to clear existing inventories and eventually resulted in a reduction of orders from our customers. In addition, the Group's sales performance was constrained by the weakening of the Euro zone demand. Meanwhile, facing foreign control measures implemented by Russia, our branded customers reduced their sales of electronic products in Russia which led to a substantial reduction in the Group's orders accordingly.

Continuing from the previous year, some of our branded customers already exited from the consumer electronic products markets globally and dramatically reduced their orders for our products. Compounding this, our branded customers that have remained in the electronic products markets continue to face intensive price competition from PRC branded manufacturers of consumer electronic branded and our customers continue to request major price cuts which adversely affect the Group's sales performance. Furthermore, certain branded customers underwent consolidation, which led to continuous shrinkage in market size.

Properties Holdings and Properties Investments

During the Period, the Group has successfully disposed of Decent Choice Limited and its subsidiaries (the "Disposal Group"), which hold the investment properties (the "Investment Properties") comprising (i) the land which is located in Chuan Hu Industrial District, 24 He Ping Road, Qinghu Community, Longhua Street, Longhua New Zone, Shenzhen, the PRC with a site area of approximately 6,841.81 sq.m.; and (ii) various buildings, including factories, offices, living quarters and ancillary facilities erected thereon. The Group has successfully realised a gain of HK$5,734,000.

Moveover in June 2016, the Group disposed of its entire equity interest in Morning Star Industrial Company Limited and its subsidiary, which is engaged in property holding business. The Group has successfully realised a gain of HK$6,807,000.

Dental Prosthetics Business

Through the completion of the acquisition (the "On Growth Acquisition") of, among others, 100% equity interests in On Growth Global Development Limited and its subsidiaries on 15 May 2015, the Group commenced to engage in the dental prosthetics business ("Dental Prosthetics Business"), including the sale (both overseas and domestic) and production of dental prosthetics, including crowns and bridges, removable full and partial dentures, implants and full-cast restorations. Since this business sector was acquired on 15 May 2015, it has contributed full six months results during the first half of 2016 while it only recognized approximately 1.5 months results in the corresponding period in 2015. The Dental Prosthetics Business has a higher gross profit margin as compared to other business sectors of the Group. It had shown significant improvement in terms of earning quality for this On Growth Acquisition as compared to other business sectors of the Group and it is expected that this Dental Prosthetics Business will continue to contribute and enhance the earning quality of the Group in the future.

Prospect

The Group has a business strategy to diversifying its business and further enhancing shareholder value. The Group plans to leverage on the experience and network of the management to capture business and investment opportunities.

EMS Business

The instability of the European economy post the United Kingdom's referendum on the exit from the European Union has already shown its pressure on consumer spending power in the Euro zone in the second half of 2016 and brought adverse impact to the Group's sales performance. Furthermore, the Group expects to face more severe challenges in the second half of 2016 due to the revolutionary technological changes that are phasing out connectors products, and the deteriorating global economy. The Group considers a turnaround in the second half not likely and we will continue to operate under great difficulties on the road ahead.

Dental Prosthetics Business

The Group is optimistic about the long-term outlook of the dental prosthetics market in the PRC, particularly in view of the rising living standard causing surge in sugar consumption by the citizens and thereby faster dental decay among the general public and the increasing awareness of cosmetics, which together are expected to induce augmenting demand for dental prosthesis. In addition, the dental prosthetics industry on a global scale has been growing positively over the past few years and such trend is likely to continue.

After the On Growth Acquisition, the Group has formulated a number of growth strategies in the Dental Prosthetics Business, including enlarging its sales network in the PRC and foreign markets like the US, expanding its production capacity in the PRC and developing high-end new denture prosthetics products with beauty attributes. In order to develop the Dental Prosthetics Business, which in the view of the Company would become the most significant business segment of the Group with strongest growth potential, the Group would devote most of the Group's resources and efforts to this segment going forward.

Apart from the organic growth and sales network integration and consolidation for the Dental Prosthetics Business, the Group will also actively seek investment opportunities in high tech dental-related areas. On 2 June 2016 and 1 August 2016, the Company entered into an exclusivity agreement (the "Exclusivity Agreement") and an addendum to the Exclusivity Agreement respectively, with Condor International NV ("Condor", formerly known as Medical Franchises & Investments NV) and Mr. Guy De Vreese (the "Guarantor"), pursuant to which Condor and the Guarantor agreed to grant exclusivity to the Company in relation to the negotiation of the proposed subscription by the Company or any of its subsidiaries of convertible notes to be issued by Condor and the proposed franchising and the grant of an exclusive licence to the Company or any of its subsidiaries to distribute and sell the Condor IOS in the PRC. As at the date of this results announcement, the negotiation is still undergoing.

Operating Results and Financial Review

Revenue

The sales for the Period has remained stable as compared to the corresponding period in 2015, which is a combined effect of: the increase in revenue contributed from the Dental Prosthetics Business (which had contributed full six months revenue during the first half of 2016 while it only recognized approximately 1.5 months revenue in the corresponding period in 2015); and offset by a significant reduction of revenue from the EMS Business.

Gross Profit and Gross Profit Margin

Gross profit for the Period amounted to HK$57.0 million (six months period ended 30 June 2015: HK$30.0 million). Gross profit margin for the Period has been significantly increased to 33.8% (six months period ended 30 June 2015: 17.9%). This was mainly attributable to the higher gross profit margin generated from the Dental Prosthetics Business and also higher volume of transactions were recognized from the Dental Prosthetics Business sector during the first half of 2016 as compared to the corresponding period in 2015 due to the On Growth Acquisition was completed on 15 May 2015.

Goodwill and Intangible Assets

Goodwill and intangible assets were generated and acquired from the On Growth Acquisition respectively. Intangible assets represent patents and trademarks of the acquired companies and the expected useful lives of these patents and trademarks were 8.7 years.

Cash Position

The Group has a solid cash position for the Period under review, with cash and cash equivalents amounting to approximately HK$84.0 million as at 30 June 2016 (31 December 2015: HK$130.2 million).

Asset classified as held for sale and liabilities associated with assets classified as held for sale

Balances as at 31 December 2015 represent the assets and liabilities of the Disposal Group respectively which has been disposed of during the Period.

Amounts due to non-controlling shareholders of subsidiaries

Included in the balance mainly represents dividend payable to a non-controlling shareholder of a subsidiary of the Group.

Deferred Taxation

Deferred taxation represent the deferred tax liabilities of the intangible asset acquired in the On Growth Acquisition.

Capital Expenditure and Capital Commitments

During the Period, the Group invested approximately HK$1.8 million (six months period ended 30 June 2015: approximately HK$0.7 million), mainly on production equipment. As at 30 June 2016, there was no capital expenditure commitment.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2016.

Treasury Policy

The Group's sales were principally denominated in Renminbi, EURO dollars, US dollars and Hong Kong dollars while purchases were transacted mainly in US dollars, Renminbi and Hong Kong dollars. The fluctuation of Hong Kong dollars and other currencies did not materially affect the costs and operations of the Group for the Period and the Directors do not foresee significant risk in exchange rate fluctuation currently. The Group has not entered into any financial instruments for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposures and interest rate exposures, and consider hedging against the exposures should the need arise.

Liquidity, Capital Structure and Financial Resources

Equity attributable to owners of the Company as at 30 June 2016 amounted to approximately HK$515.6 million (31 December 2015: approximately HK$507.4 million). As at 30 June 2016, the net current assets of the Group amounted to approximately HK$160.5 million (31 December 2015: HK$196.9 million). The current and quick ratio was 2.53 and 2.47 respectively (31 December 2015: 1.79 and 1.76 respectively).

As at 30 June 2016, the borrowings of the Group totaled HK$42.0 million (31 December 2015: HK$46.8 million), comprising amount due to a former Director and shareholder of the Company of HK$2.7 million (31 December 2015: HK$2.4 million); amount due to the spouse of a Director of the Company of HK$1.2 million (31 December 2015: HK$1.2 million); amount due to the father of a Director of the Company of HK$4.0 million (31 December 2015: HK$2.2 million); amount due to a former non-controlling shareholder of a subsidiary of HK$3.6 million (31 December 2015: nil); amounts due to non-controlling shareholders of subsidiaries of HK$29.3 million and HK$1.2 million respectively (31 December 2015: HK$1.9 million). As at 31 December 2015, apart from the above, there was also a bank borrowing of HK$1.1 million and amount due to a company owned by a former Director and shareholder of the Company of HK$38.0 million.

As at 30 June 2016, no gearing ratio of the Group could be calculated as there is no bank loan outstanding (31 December 2015: gearing ratio is calculated by dividing total bank borrowings by equity attributable to owners of the Company: 0.22%).

As at 31 December 2015, bank loan of approximately HK$1,134,000 are denominated in RMB and carried fixed interest rates of 7.62% per annum and is repayable within one year. There is no bank loan as at 30 June 2016.

The number of issued shares of the Company was 3,826,207,031 as at 30 June 2016 (31 December 2015: 3,826,207,031 shares).

Taking the above figures into account, together with the cash inflow arising from the Disposal as well as its strong operational cash flows arising from the Dental Prosthetics Business, the management is confident that the Group will have adequate resources to settle its outstanding debts and to finance its daily operational and capital expenditures.

Acquisition of Additional Interest in a Subsidiary

In June 2016, the Group acquired an additional 50% equity interest in Shenzhen Lianhe Dental Technology Company Limited ("SZLH"), a then wholly-owned subsidiary of the Group, from a former director and ex-shareholder of SZLH for a cash consideration of RMB3,000,000 (approximately HK$3,600,000).

Disposal of Subsidiaries

In June 2016, the Group disposed of its entire equity interest in Morning Star Industrial Company Limited and its subsidiary, which are engaged in property holding business, to an independent third party for a cash consideration of HK$4,368,000.

In June 2016, the Group disposed of Decent Choice Limited and its subsidiaries, which are principally engaged in property investment business, to an independent third party for a cash consideration of RMB158,000,000 (approximately HK$190,638,000).

Employees and Remuneration Policy

The Group employed 1,318 employees in total as at 30 June 2016 (31 December 2015: 1,053) in Hong Kong, Macau and the PRC. Increase in number of employees is due to the On Growth Acquisition since May 2015. The Group implemented its remuneration policy, bonus and share option schemes based on the performance of the Group and its employees. The Group provided benefits such as social insurance and pensions to ensure competitiveness. In addition, the Group had also adopted a share option scheme as a long term incentive to the Directors and eligible employees. The emolument policy for the Directors and senior management of the Group is set up by the Company's Remuneration Committee, having regard to the Group's performance, individual performance and comparable market conditions.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' dealings in the Company's securities. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months period ended 30 June 2016. The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company or its securities.

No incidence of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Compliance with the Code on Corporate Governance Practices

Code Provision A.6.7

There was a deviation from provision A.6.7 of the Code:

Pursuant to provision A.6.7 of the Code, independent non-executive Directors and non-executive Directors should attend general meetings in order to develop a balanced view of the shareholders. Due to the various business commitments, not all the independent non-executive Directors and non-executive Directors of the Company attended the special general meeting of the Company held on 12 May 2016 and the annual general meeting of the Company held 31 May 2016. The Company will finalize and inform the dates of the general meetings as earliest as possible to make sure that all the independent non-executive Directors and non-executive Directors can attend the general meetings in future.

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual so that power is not concentrated in one individual. There is a deviation from provision A.2.1 of the Code:

There is no chairman of the Company after the resignation of Mr. Wen Jialong on 29 June 2015. As other Board members are keeping abreast of the conduct, business activities and development of the Group and as the day-to-day business operations of the Group are delegated to the management, the Board considers that the structure of vesting the roles of Chairman and CEO in the same person will not impair the balance of power and authority. However, the Board considers it necessary to vest the two roles in different persons in order to enhance the effectiveness of the Group's corporate governance structure and the Board will continue to search for suitable candidate to fill up the vacancy.

Code Provision A.5.1

There is a deviation from provision A.5.1 of the Code: Nomination Committee should be chaired by the Chairman of the Board or an independent non-executive director. Mr. Wu Tianyu, CEO and executive Director, was appointed as the Chairman of the Nomination Committee since 30 June 2015.

Audit Committee

The Audit Committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The existing Audit Committee comprises of three independent non-executive Directors, namely Dr. Loke Yu alias Loke Hoi Lam (chairman), Mr. Wu Jixian and Mr. Song Qun. Mr. Lam Kwok Cheong (resigned on 1 July 2016) was the members of the Audit Committee during the Period.

The Audit Committee met with the management on 29 August 2016 to review the accounting standards and practices adopted by the Group and to discuss matters regarding internal control and financial reporting including the review of the Group's interim results for the Period, before proposing them to the Board for approval. The Audit Committee has reviewed the results announcement and the interim report of the Company for the Period.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference to consider for the remuneration for Directors and senior management of the Company and other related matters. The existing Remuneration Committee comprises Mr. Wu Jixian (Chairman), Mr. Wu Tianyu and Mr. Song Qun.

Nomination Committee

The Company has established a Nomination Committee with written terms of reference to consider for the appointment of new Director(s) of the Company and other related matters. The existing Nomination Committee comprises Mr. Wu Tianyu (Chairman), Mr. Wu Jixian and Mr. Song Qun.

APPRECIATION

On behalf of the Board, I would like to extend my heartfelt gratitude to the full trust and enormous support of our shareholders, customers, banks, partners and employees, which set the Company on course for long-term success.

This announcement will be published on the website of the Stock Exchange of Hong Kong Limited at www.hkex.com.hk and on the Company's website at www.megamedicaltech.com.

By order of the Board
Mega Medical Technology Limited
Wu Tianyu
Executive Director

Hong Kong, 29 August 2016

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wu Xiaolin and Mr. Wu Tianyu (Chief Executive Officer), one non-executive Director, namely Dr. Jiang Feng and three independent non-executive Directors, namely Dr. Loke Yu alias Loke Hoi Lam, Mr. Wu Jixian and Mr. Song Qun.