

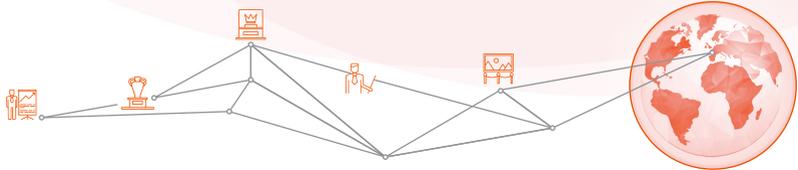


MEGA EXPO HOLDINGS LIMITED

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

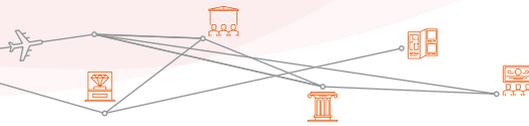


2016/17 INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

- Mr. Ge Jin (*Chairman*)
Mr. Deng Zhonglin
(appointed on 14 October 2016)
Ms. Zhang Jun
(appointed on 14 October 2016)
Mr. Lu Linyu
(appointed on 9 March 2017)
Mr. Liu Gejiang
(resigned on 14 October 2016)
Ms. Yang Yan
(resigned on 14 October 2016)
Mr. Sun Sizhi
(resigned on 9 March 2017)

Independent Non-executive Directors

- Mr. Choi Hung Fai
Mr. Yang Bo
Mr. Tsang Wing Ki
(appointed on 9 March 2017)
Mr. Yeung Chun Yue, David
(resigned on 9 March 2017)

AUDIT COMMITTEE

- Mr. Tsang Wing Ki (*Chairman*)
(appointed on 9 March 2017)
Mr. Choi Hung Fai
Mr. Yang Bo
Mr. Yeung Chun Yue, David (*Chairman*)
(resigned on 9 March 2017)

REMUNERATION COMMITTEE

- Mr. Yang Bo (*Chairman*)
Mr. Ge Jin
Mr. Tsang Wing Ki
(appointed on 9 March 2017)
Mr. Yeung Chun Yue, David
(resigned on 9 March 2017)

NOMINATION COMMITTEE

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

COMPANY SECRETARY

- Mr. Yau Yan Ming, Raymond
Certified Public Accountant

AUTHORISED REPRESENTATIVES

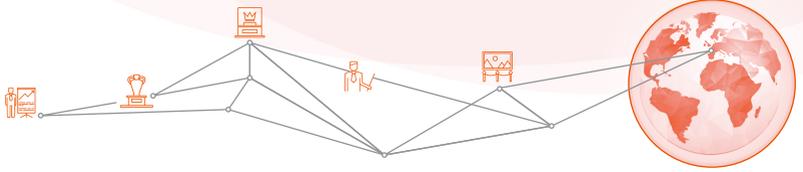
- Mr. Deng Zhonglin
Mr. Yau Yan Ming, Raymond

AUDITORS

- HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISERS

- As to Hong Kong law*
Chiu & Partners



CORPORATE INFORMATION (CONTINUED)

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

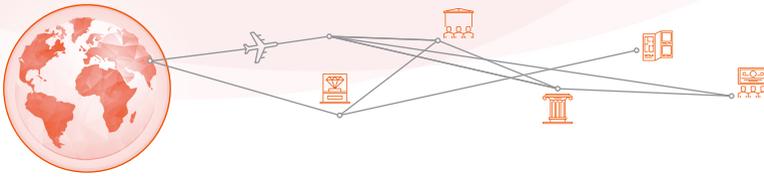
Tricor Investor Services Limited
22/F, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

1360

CORPORATE WEBSITE

<http://www.megaexpoholdings.com>



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

For the six months ended 31 December 2016 (“**Reporting Period**”), Mega Expo Holdings Limited (“**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) recorded a total revenue of approximately HK\$91,385,000 (2015: approximately HK\$152,793,000), representing a decrease of 40.2% for the corresponding period of last year. The decline in revenue was mainly caused by keen competition among exhibition organisers and the uncertain global economic atmosphere which led to a decrease in exhibitors’ incentive of participating in trade fairs. For the Reporting Period, revenue from organisation of exhibitions accounted for 99.9% (2015: 99.5%) of the total revenue, while revenue from provision of exhibition-related services accounted for 0.1% (2015: 0.5%) of the total revenue.

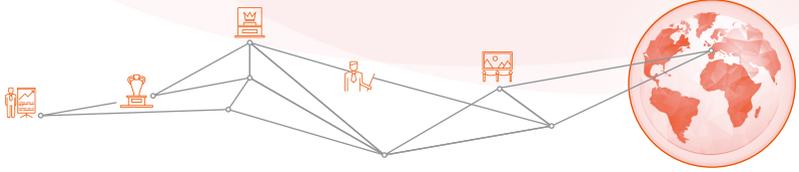
During the Reporting Period, loss before tax was approximately HK\$6,696,000 (2015: approximately HK\$9,940,000), representing a decrease of 32.6% from the corresponding period of last year which was mainly due to the slow down in exhibition activities of which the revenue decline of approximately HK\$61,408,000, decline in related expenses and decline in net loss on financial assets at fair value through profit or loss of approximately HK\$20,941,000.

REVIEW OF BUSINESS ACTIVITIES

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 Reporting Period, the Group successfully 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.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

REVIEW OF BUSINESS ACTIVITIES (Continued)

Organisation of exhibitions (Continued)

During the Reporting Period, revenue generated from the organisation of exhibitions accounted for approximately HK\$91,315,000 (2015: approximately HK\$151,956,000), representing a decrease of 39.9% 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 participating in trade fairs; this factor coupled with the cessation of the engagement of sales agents for Mega Show Series during the Reporting Period, led to a drop in our participation income of approximately HK\$60,641,000 for Mega Show Series.

During the Reporting Period, the Group has launched a brand new fair, named IGJ in September 2016 which contributed a turnover of approximately HK\$12,338,000. The cessation of engagement of sales agents causing our agency commission dropped to approximately HK\$4,514,000 (2015: approximately HK\$4,590,000).

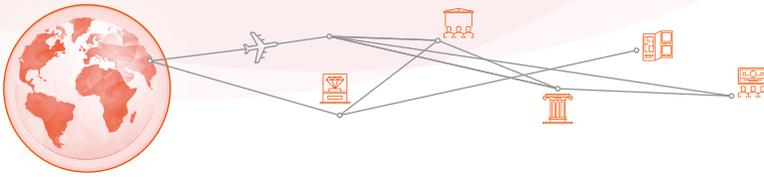
Exhibition-related services

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\$70,000 (2015: approximately HK\$779,000), representing a decrease of 91.0%. 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\$709,000.

Ancillary services

Since the Group has ceased the publication of the show magazines during the Reporting Period, there was no relevant revenue for ancillary services provided (2015: approximately HK\$58,000).



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

REVIEW OF BUSINESS ACTIVITIES (Continued)

Roadshows

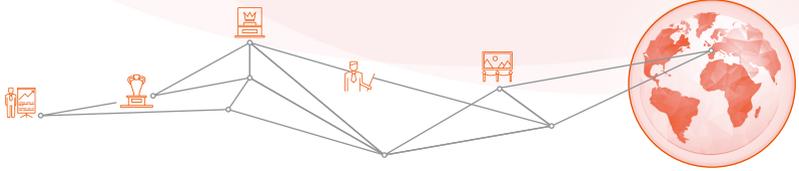
During the Reporting Period, no roadshow had been organised and no income was recorded for this segment. The soft opening of the “Ultraman” stadium in the theme park was held at Formosan Aboriginal Cultural Village in Taiwan in late January 2017.

FUTURE PLANS AND PROSPECT

Looking ahead, we believe the global market is still facing many uncertainties, including the global economic performance, the United Kingdom’s referendum to leave the European Union, the diplomatic and monetary policy of newly United States President Donald Trump as well as the changes of the global interest rate, etc.

Due to the increased competition and increased costs in Hong Kong and the switch to online platform and China for physical exhibition, the management sees the prospect with the exhibition business in Hong Kong is not promising and would scale down the operations in Hong Kong and shift the focus to China in terms of the exhibition business.

The Group successfully diversify its revenue source by entering into a sub-license agreement (“**Sub-License Agreement**”) with Dorian Concept (Group) Limited which valid until March 2020. The Sub-License Agreement allows the Group to have the right to exploit all series and types of Ultraman from TV programs and movies produced from 1996 to 2016 (“**Ultraman Licensed Rights**”) and its related intangible property that is acknowledged general rights by the law at roadshows, events and exhibitions in Hong Kong, Macau and Taiwan. In January 2017, the Group have collaborated with the Formosan Aboriginal Culture Village in Taiwan and developing an “Ultraman” stadium in the theme park. The Group will take hold of this Sub-License Agreement and collaborate with manufacturers to organize large-scale roadshows and exhibitions in the coming future.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FUTURE PLANS AND PROSPECT (Continued)

In addition, the Group will continue to identify suitable acquisition opportunities such as franchise theme and virtual online exhibition platform. On 10 February 2017, the Group entered into the sale and purchase agreement in relation to the acquisition of an exhibition and management consulting company based in Shanghai ("**Acquisition**"). We believe the Acquisition will enable the Company to strengthen and enhance its exhibition business in the People's Republic of China ("**PRC**") which will broaden income source in the region. Shanghai, as one of the most prosperous and cultural cities in the PRC, the Group will continue to actively identify other business opportunities in the region.

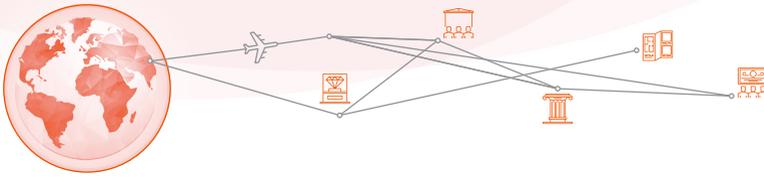
The recent global stock market showed signs of regaining vitality. It is expected that the economy will improve as a consequence of capital inflow revitalizing stock market which helps to restore the demand for the exhibition market. As we have mentioned in the Company's annual report 2015/16, the Group will continue to strengthen its own competitive advantages and introduce more brand new and diverse exhibition and roadshow opportunities.

INTERIM DIVIDEND

The board of the directors ("**Board**") do not recommend the payment of an interim dividend for the Reporting Period (2015: Nil).

CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK\$169,356,000 as at 31 December 2016 from approximately HK\$88,982,000 as at 30 June 2016. The main reason for the change is the net proceeds from the placing of new shares under general mandate during the Reporting Period of approximately HK\$92,279,000. As at 31 December 2016, the Group did not have any long term debts (30 June 2016: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL STRUCTURE (Continued)

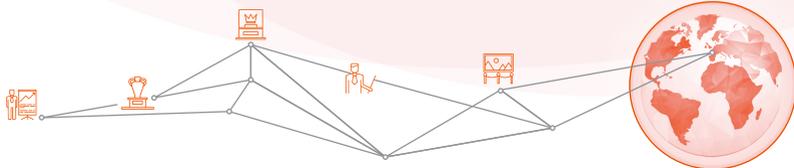
Placing of new shares under general mandate

On 6 December 2016, the Company and Kingston Securities Limited ("**Placing Agent**") entered into the placing agreement ("**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 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 ("**Placing Price**") of HK\$0.63 per Placing Share.

The Placing was completed on 23 December 2016 and an aggregate of 150,800,000 Placing Shares, represent (i) approximately 12.57% of the existing issued share capital of the Company of 1,200,000,000 shares; and (ii) approximately 11.16% of the Company's issued share capital of 1,350,800,000 shares as enlarged by the allotment and issue of the Placing Shares. The Placing Price of HK\$0.63 represents (i) a discount of approximately 18.18% to the closing price of HK\$0.77 per share as quoted on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"); and (ii) a discount of approximately 18.81% to the average closing price of HK\$0.776 per share as quoted on the Stock Exchange for last five consecutive trading days immediately prior to the date of the Placing Agreement. The net proceeds from the Placing, after the deduction of the commission payable to the Placing Agent and other related expenses incurred in the Placing, of approximately HK\$92,279,000 are intended to be used for general working capital of the Group and/or future investments if opportunities arise.

USE OF PROCEEDS

The proceeds from the Placing dated 23 December 2016 were HK\$95,004,000, which was based on the Placing Price of HK\$0.63 per Placing Share and the actual expenses related to the Placing. The net proceeds from the Placing, after the deduction of the commission payable to the Placing Agent and other related expenses incurred in the Placing, of approximately HK\$92,279,000 are intended to be used for general working capital of the Group and/or future investments if opportunities arise. As at 31 December 2016, the proceeds had not been used and were deposited in a reputable bank in Hong Kong.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SIGNIFICANT INVESTMENTS

A net loss of approximately HK\$5,295,000 (2015: approximately HK\$26,236,000) was recognised for the Group's financial assets at fair value through profit or loss during the Reporting Period. The Group held a diversified portfolio of listed investments for the six months ended 31 December 2016 and 2015, and details of the most significant investments are as follows:

Financial assets at fair value through profit or loss in terms of market value as at 31 December 2016

Name of unlisted investment	Brief description of the business	Number of units held as at 31 December 2016	Investment cost as at 31 December 2016 HK\$'000	Market value as at 31 December 2016 HK\$'000	Percentage to total assets value of the Group as at
					31 December 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 ("HKSF") for Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.	13,000	13,000	4,706	2.31%



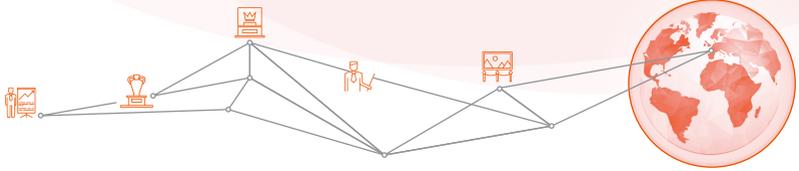
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SIGNIFICANT INVESTMENTS (Continued)

Top 5 gains/(losses) for the six months ended 31 December 2016

Name of stock listed on the Stock Exchange	Stock code	Realised gain/(loss) for the six months ended	Unrealised gain/(loss) for the six months ended	Dividend received for the six months ended
		31 December 2016 HK\$'000	31 December 2016 HK\$'000	31 December 2016 HK\$'000
Ding He Mining Holdings Limited	705	(2,273)	–	–
Co-Prosperty 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 six months ended	Unrealised gain/(loss) for the six months ended	Dividend received for the six months ended
	31 December 2016 HK\$'000	31 December 2016 HK\$'000	31 December 2016 HK\$'000
KKC Capital High Growth Fund Segregated Portfolio	–	(1,814)	–

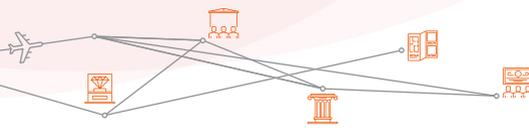


MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SIGNIFICANT INVESTMENTS (Continued)

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%

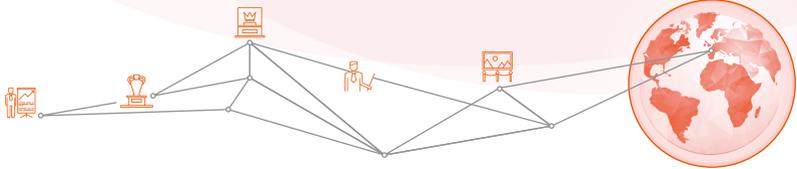


MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SIGNIFICANT INVESTMENTS (Continued)

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

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. Avia is licensed with the HKSFSC for Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities.	13,000	13,000	6,519	3.19%



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

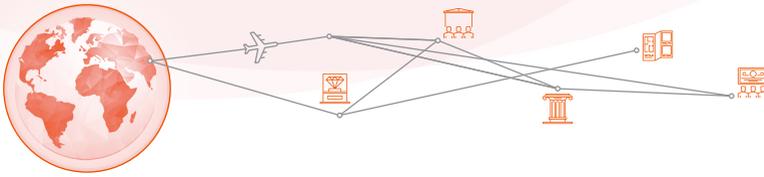
SIGNIFICANT INVESTMENTS (Continued)

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

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

MATERIAL ACQUISITION AND DISPOSAL

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



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2016, the Group has total assets of approximately HK\$203,303,000 (30 June 2016: approximately HK\$204,340,000) which was financed by shareholders' equity of approximately HK\$169,356,000 (30 June 2016: approximately HK\$88,982,000) and non-controlling interest of approximately HK\$4,325,000 (30 June 2016: approximately HK\$1,418,000). During the Reporting Period, the Group invested its idle cash in the construction of the "Ultraman" stadium in the theme park of the Formosan Aboriginal Culture Village in Taiwan. The placing of new shares generated cash of approximately HK\$92,279,000 which contributed to the increase in the total assets of the Group.

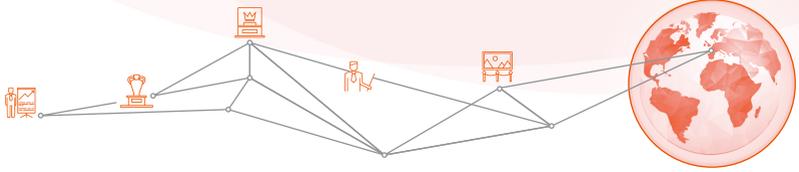
The cash and cash equivalents of the Group as at 31 December 2016 was mainly denominated in Hong Kong dollars ("HK\$"). It also contains a minimal amount of United States dollars ("USD") and Renminbi ("RMB").

As at 31 December 2016, the Group's current ratio was 4.11 (30 June 2016: 1.27); and since the Group did not have any debts, no gearing ratio presented (30 June 2016: Nil).

As at 31 December 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 31 December 2016.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group manages or organises exhibitions held in Hong Kong and roadshows in Taiwan and maintains a back-up office in the PRC, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and only minimal with respect to RMB and Taiwan new dollars. 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.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2016, the Group had a total of 42 full-time employees in Hong Kong and the PRC. The remuneration payable to its employees included salaries, discretionary bonus and commission. Remuneration packages were generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits to its employees.

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

EVENTS AFTER REPORTING PERIOD

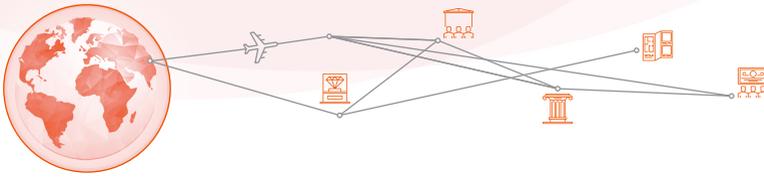
On 10 February 2017, Eastern Pioneer Holdings Limited, an indirect wholly-owned subsidiary of the Company ("**Eastern Pioneer**") as the purchaser, entered into the sale and purchase agreement with Mr. Liu Jiazhen ("**Vendor**"), an independent third party, pursuant to which the Vendor has agreed to sell and Eastern Pioneer has agreed to purchase, the entire issued share capital of Sparkle Mass Limited ("**Target Company**") at the consideration of HK\$40,000,000. For details, please refer to the announcement of the Company dated 10 February 2017.

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

DISCLOSURE OF INTEREST

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

As at 31 December 2016, none of the Directors and chief executive of the Company, and their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").



DISCLOSURE OF INTEREST (CONTINUED)

SHARE OPTION SCHEME

The Company operates a share option scheme (“**Share Option Scheme**”) for the purpose of providing incentives or rewards to selected participants for their contributions to the Group. The Share Option Scheme was adopted by the Company on 18 October 2013 (“**Adoption Date**”). No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since the Adoption Date and there were no outstanding share options under the Share Option Scheme as at 31 December 2016.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

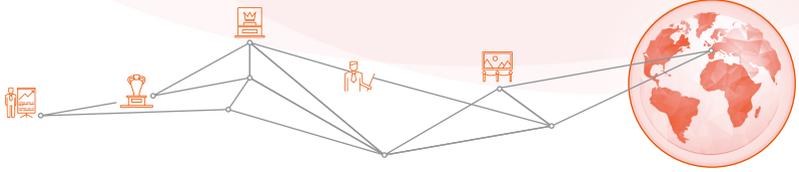
Save as disclosed above in respect of the Directors’ interest in securities regarding the Share Option Scheme, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARE AND UNDERLYING SHARES

As at 31 December 2016, the following persons (other than the Directors or chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:

Long positions in shares and underlying shares of the Company

Name of Shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Approximate percentage of issued share capital
Mr. Huang Hengxu	Beneficial owner	223,050,000	16.51%
Mr. Chen Chao	Beneficial owner	103,180,000	7.64%



DISCLOSURE OF INTEREST (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARE AND UNDERLYING SHARES (Continued)

Save as disclosed above and so far as the Directors are aware of, as at 31 December 2016, no person (other than the Directors or chief executives of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO.

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 Reporting Period.

CORPORATE GOVERNANCE

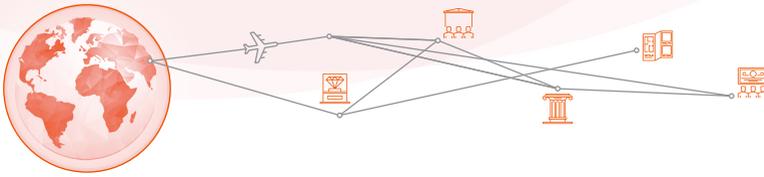
The Board regularly reviews the corporate governance practices and procedures of the Group. Throughout the Reporting Period, the Group had applied the principles and complied with the code provisions and certain recommended best practices as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for establishing and maintaining a sound and effective system of internal control to safeguard the shareholders' investment and the Company's assets, and for reviewing its effectiveness. The Company has appointed an independent professional as an internal auditor and to report directly to the audit committee of the Board ("**Audit Committee**").

Based on the respective assessments made by management, the Audit Committee considered that for the Reporting Period:

- The risk management and internal control systems, as well as accounting systems of the Group were in place and functioning effectively and adequately, and were designed to provide reasonable assurance that material assets were protected, business risks attributable to the Group were identified and monitored, material transactions were executed in accordance with management's authorisation and the financial statements were reliable for publication.
- There was an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.



AUDIT COMMITTEE

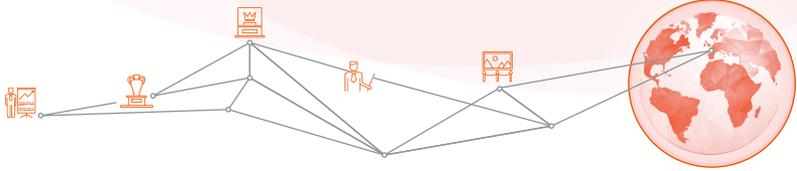
The Audit Committee, comprises three independent non-executive Directors, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Group's unaudited condensed consolidated financial statements for the Reporting Period have been reviewed by the Audit Committee, which was of the opinion that such financial statements have complied with the applicable accounting policies and requirements of the Stock Exchange and legal requirements, and that adequate disclosures have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions 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 and the required standards of its code of conduct regarding securities transactions by the Directors throughout the Reporting Period under review.

By order of the Board
Mega Expo Holdings Limited
Ge Jin
Chairman

Hong Kong, 27 February 2017



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2016

	Notes	For the six months ended 31 December	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	5	91,385	152,793
Other revenue	6	176	1,405
Other gains	8	475	113
Other losses	7	(5,295)	(26,236)
Advertising and promotion expenses		(5,373)	(14,104)
Agency commission		(4,514)	(4,590)
Exhibition rentals		(16,765)	(28,020)
Staff costs	8	(17,250)	(30,904)
Booth construction costs		(17,583)	(15,179)
Exhibition expenses		(6,747)	(14,619)
Other operating expenses		(25,205)	(30,599)
Loss before tax	8	(6,696)	(9,940)
Taxation	9	(5,070)	(6,898)
Loss for the period		(11,766)	(16,838)
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		(139)	(93)

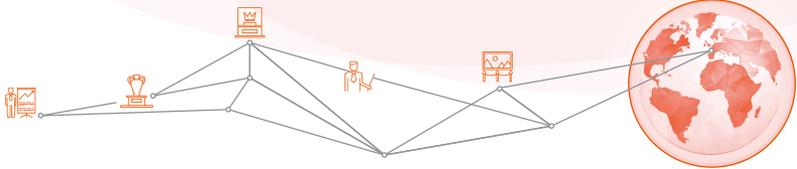


CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 31 December 2016

	For the six months ended 31 December	
Note	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Total comprehensive loss for the period, net of tax	(11,905)	(16,931)
Loss for the period attributable to:		
Owners of the Company	(8,859)	(16,432)
Non-controlling interests	(2,907)	(406)
	(11,766)	(16,838)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(8,998)	(16,525)
Non-controlling interests	(2,907)	(406)
	(11,905)	(16,931)
Loss per share attributable to owners of the Company		
– Basic and diluted	11 (1.45) HK cents	(2.05) HK cents

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



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	21,233	8,507
Intangible assets	13	42,391	48,913
Interest in associate		7	7
		63,631	57,427
Current assets			
Prepayments, deposits and other receivables	14	36,789	53,704
Financial assets at fair value through profit or loss		4,706	64,827
Cash and cash equivalents	15	98,177	28,382
		139,672	146,913
Current liabilities			
Receipts in advance		8,587	70,130
Accruals and other payables	16	22,958	43,678
Amount due to a shareholder		–	8
Income tax payable		2,402	1,542
		33,947	115,358
Net current assets		105,725	31,555
Total assets less current liabilities		169,356	88,982
Net assets		169,356	88,982

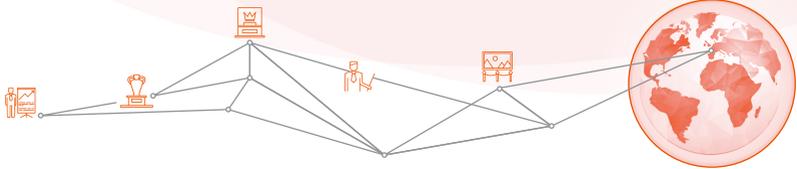


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2016

	Note	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Capital and reserves			
Share capital	17	2,702	2,400
Reserves		<u>170,979</u>	<u>88,000</u>
Equity attributable to owners of the Company		173,681	90,400
Non-controlling interests		<u>(4,325)</u>	<u>(1,418)</u>
Total equity		<u>169,356</u>	<u>88,982</u>

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	(Accumulated losses)/ retained profit HK\$'000			
At 1 July 2015 (audited)	2,400	104,704	(57)	(107)	50,865	157,805	(53)	157,752
Loss for the period	-	-	-	-	(16,432)	(16,432)	(406)	(16,838)
Other comprehensive loss for the period	-	-	(93)	-	-	(93)	-	(93)
Total comprehensive loss for the period	-	-	(93)	-	(16,432)	(16,525)	(406)	(16,931)
At 31 December 2015 (unaudited)	2,400	104,704	(150)	(107)	34,433	141,280	(459)	140,821
At 1 July 2016 (audited)	2,400	104,704	(116)	(107)	(16,481)	90,400	(1,418)	88,982
Loss for the period	-	-	-	-	(8,859)	(8,859)	(2,907)	(11,766)
Other comprehensive loss for the period	-	-	(139)	-	-	(139)	-	(139)
Total comprehensive loss for the period	-	-	(139)	-	(8,859)	(8,998)	(2,907)	(11,905)
Issue of shares – Placing of new shares	302	94,702	-	-	-	95,004	-	95,004
Expenses incurred in connection with the placing of new shares	-	(2,725)	-	-	-	(2,725)	-	(2,725)
At 31 December 2016 (unaudited)	2,702	196,681	(255)	(107)	(25,340)	173,681	(4,325)	169,356

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

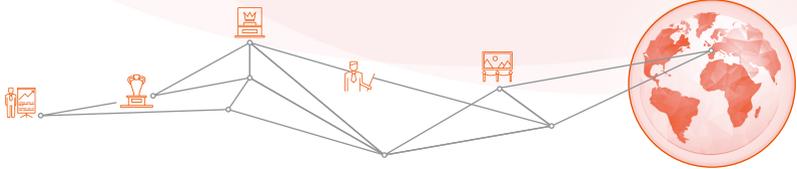


CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016

	For the six months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Net cash used in operating activities	(61,298)	(58,979)
Net cash generated from/(used in) investing activities	38,965	(115,906)
Net cash generated from financing activities	92,279	—
Net increase/(decrease) in cash and cash equivalents	69,946	(174,885)
Cash and cash equivalents at the beginning of the period	28,382	230,721
Effect of foreign exchange rate changes	(151)	19
Cash and cash equivalents at the end of the period	15 98,177	55,855

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in Cayman Islands under the Companies Law of Cayman Islands and is listed on 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 principal activities of the Group are involved in the organisation of exhibitions and trade shows, provision of roadshows, providing sub-contracting services and ancillary services for exhibitions and trade shows.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the Audit Committee.

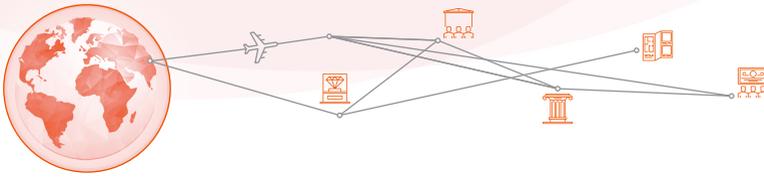
2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the Reporting Period have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institution of Certified Public Accountants ("HKICPA") and with applicable disclosure requirements as set out in Appendix 16 to the Listing Rules. It was authorised for issue on 27 February 2017.

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 2016 as contained in the Company's annual report 2015/16 ("**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 unaudited condensed consolidated financial statements are denominated in HK\$, which is also the functional currency of the Company. Unless otherwise specifically stated, all amounts are presented in thousand.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the 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 Hong Kong Financial Reporting Standards (“**HKFRSs**”). The Group has applied, for the first time, certain new or revised and amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the current period. The application of the new or revised and amendments to HKFRSs has had no material effect on the Group’s financial statements.

The Group has not early applied the following new or revised standards and amendments to HKFRSs (“**New HKFRSs**”) that have been issued but are not yet effective:

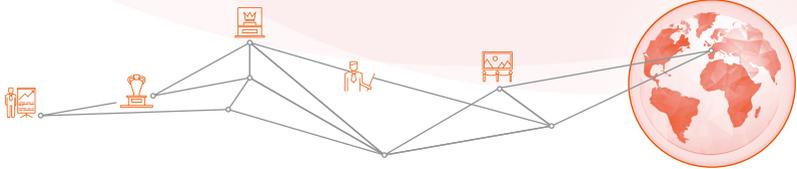
HKAS 7 (Amendments)	Disclosure initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealized Losses ¹
HKFRS 2 (Amendments)	Classification and Measurement of Share-Based Payment Transactions ²
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
HKFRS 9 (2014)	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HKFRS 16	Leases 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

Except as describe below, the Directors anticipate that the application of the new and amendments to HKFRSs will not have a material impact on the Group’s financial performance and financial position.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

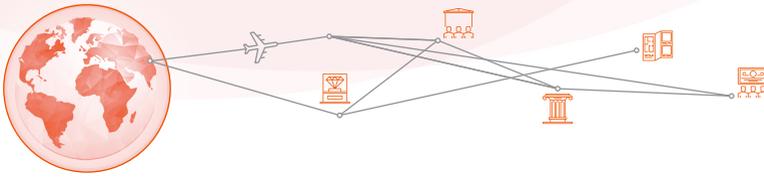
HKFRS 9 Financial Instruments

HKFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss mode, 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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

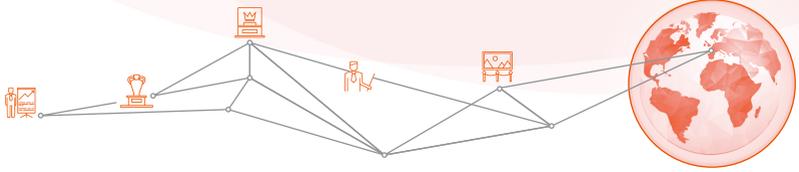
Based on the Company's financial instruments and risk management policies as at 31 December 2016, the change in fair value of the Group's convertible notes designated at fair value through profit or loss that is attributable to changes in credit risk could be presented in other comprehensive income. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

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

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

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) HKFRS 15 Revenue from Contracts with Customers (Continued)

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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

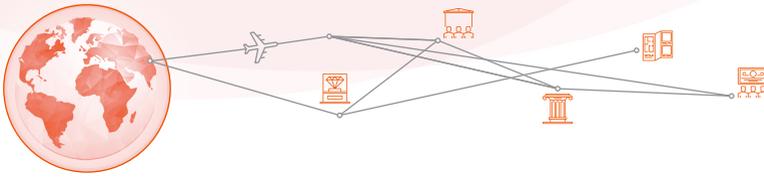
The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

As at 31 December 2016, the Group has non-cancellable operating lease commitments as disclosed in note 18. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

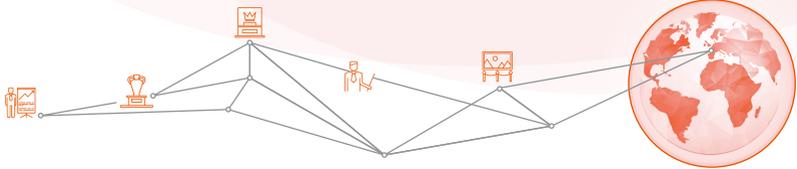
4. SEGMENT INFORMATION

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 is organised into business units based on the services and has the following operating divisions: organisation of exhibitions, exhibition-related services, ancillary services and provision of roadshows. These divisions are the basis on which the Group reports its segment information.

The operating and reportable segments are as follows:

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (Continued)

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		Roadshows		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	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)
Revenue										
Segment revenue	91,315	151,956	70	2,744	-	58	-	-	91,385	154,758
Inter-segment revenue	-	-	-	(1,965)	-	-	-	-	-	(1,965)
Revenue from external customers	91,315	151,956	70	779	-	58	-	-	91,385	152,793
Results										
Segment results	32,391	66,385	70	779	-	52	(6,644)	-	25,817	67,216
Net loss on financial assets at fair value through profit or loss									(5,295)	(26,236)
Unallocated income									635	409
Unallocated corporate expenses									(27,853)	(51,329)
Loss before tax									(6,696)	(9,940)
Taxation									(5,070)	(6,898)
Loss for the period									(11,766)	(16,838)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

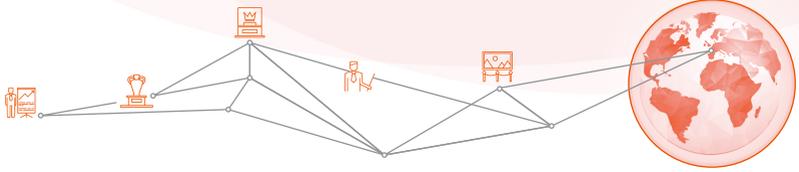
4. SEGMENT INFORMATION (Continued)

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

	Organisation of exhibitions		Exhibition-related services		Ancillary services		Roadshows		Total	
	At 31 December 2016	At 30 June 2016	At 31 December 2016	At 30 June 2016	At 31 December 2016	At 30 June 2016	At 31 December 2016	At 30 June 2016	At 31 December 2016	At 30 June 2016
	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Assets										
Segment assets	5,672	18,861	-	-	-	-	63,542	48,913	69,214	67,774
Unallocated corporate assets									134,089	136,566
									203,303	204,340
Liabilities										
Segment liabilities	26,144	70,130	-	-	-	-	-	-	26,144	70,130
Unallocated corporate liabilities									7,803	45,228
									33,947	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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (Continued)

Other segment information

For the six months ended 31 December

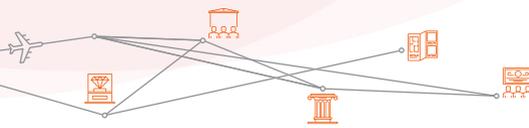
	Organisation of exhibitions		Exhibition-related services		Ancillary services		Roadshows		Unallocated		Total	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)										
Depreciation of property, plant and equipment	-	-	-	-	-	-	-	-	1,350	2,289	1,350	2,289
Capital expenditures	-	-	-	-	-	-	15,857	-	64	8,117	15,921	8,117
Net loss on financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	5,295	26,236	5,295	26,236
Amortisation of intangible assets	-	-	-	-	-	-	6,522	-	-	-	6,522	-

5. REVENUE

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

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

	For the six months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Participation income	91,315	151,956
Additional facilities income	70	779
Other ancillary service income	-	58
	91,385	152,793



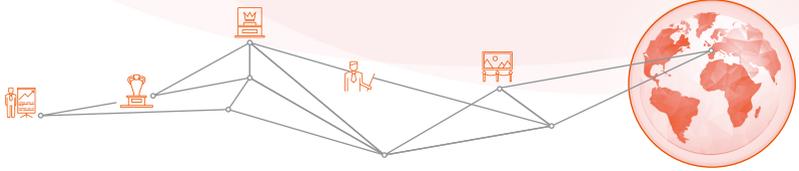
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. OTHER REVENUE

	For the six months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Admission income	–	259
Subsidies for exhibition	–	850
Sundry income	176	296
	176	1,405

7. OTHER LOSSES

	For the six months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Net loss on financial assets at fair value through profit or loss		
– Net realised loss on disposal of financial assets at fair value through profit or loss	3,481	110
– Net loss arising on revaluation of financial assets at fair value through profit or loss	1,814	26,126
	5,295	26,236



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	For the six months ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs:		
Employee benefit expenses (including directors' remuneration):		
– Salaries, allowance and other benefits	16,876	30,075
– Retirement benefit schemes contributions	374	829
	17,250	30,904
Other items:		
Depreciation of property, plant and equipment	1,350	2,289
Amortisation of intangible assets	6,522	–
Auditors' remuneration	1,147	540
Operating lease rentals in respect of land and building	5,779	7,914
And after crediting:		
Other gains:		
Interest income	502	14
Exchange (losses)/gains, net	(27)	99
	475	113



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. TAXATION

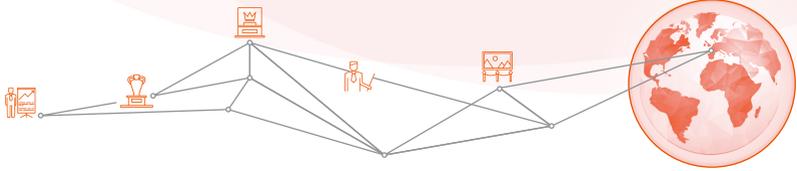
	For the six months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Current tax		
– Hong Kong Profits Tax	5,070	6,820
– Other than Hong Kong	–	78
	5,070	6,898

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 31 December 2016 and 2015.

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

10. DIVIDEND

No dividend was paid, declared or proposed for the Reporting Period (six months ended 31 December 2015: Nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

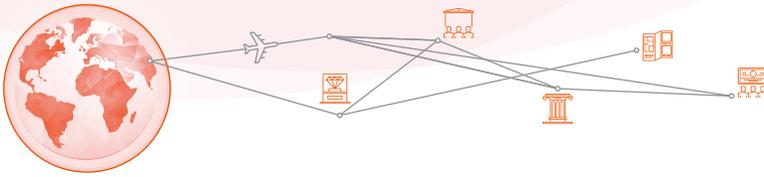
11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the Reporting Period of approximately HK\$8,859,000 (2015: profit of approximately HK\$16,432,000) and on the weighted average number of 611,972,603 ordinary shares (2015: 800,272,492 ordinary shares) in issue during the Reporting Period.

There was no dilutive potential ordinary shares in existence during the six months ended 31 December 2016 and 2015 respectively, therefore the diluted loss per share is the same as the basic loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Carrying amount at 1 July 2015 (audited)	5,253
Additions	8,117
Depreciation	(2,289)
Exchange alignment	(25)
	<hr/>
Carrying amount at 31 December 2015 (unaudited)	<u>11,056</u>
Carrying amount at 1 July 2016 (audited)	8,507
Additions	15,921
Disposals	(178)
Depreciation	(1,350)
Written off	(1,655)
Exchange alignment	(12)
	<hr/>
Carrying amount at 31 December 2016 (unaudited)	<u>21,233</u>



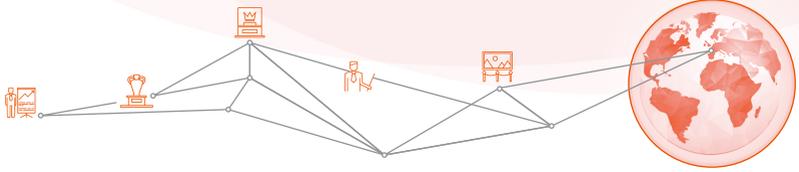
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. INTANGIBLE ASSETS

	Sub-license right HK\$'000
Cost	
At 30 June 2016, 1 July 2016 and 31 December 2016	<u>50,000</u>
Accumulated amortisation and impairment	
At 30 June 2016 and 1 July 2016	1,087
Amortisation charge for the period	<u>6,522</u>
At 31 December 2016	<u>7,609</u>
Carrying amounts	
At 31 December 2016	<u>42,391</u>
At 30 June 2016	<u>48,913</u>

Notes:

- (a) The intangible assets represent the sub-license right granted to the Group for using intellectual properties at any time legally licensed to or controlled by the licensee in relation to all series and any types of "Ultraman" at roadshows, events, exhibitions in the Territory.
- (b) The sub-license right is amortised on a straight-line basis over its estimated useful economic life. The useful economic life is 46 months according to the sub-license contract term.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

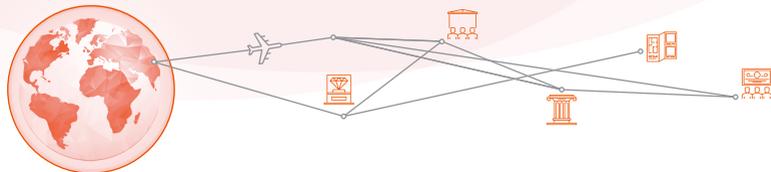
	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Prepayments	11,456	32,803
Deposits	2,187	6,151
Other receivables	23,146	14,750
	36,789	53,704

15. CASH AND CASH EQUIVALENTS

At 31 December 2016, the remittance of cash and cash equivalents denominated in RMB of approximately HK\$620,000 (at 30 June 2016: approximately HK\$560,000) out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

16. ACCRUALS AND OTHER PAYABLES

	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Accruals	5,083	2,458
Other payables	17,875	41,220
	22,958	43,678



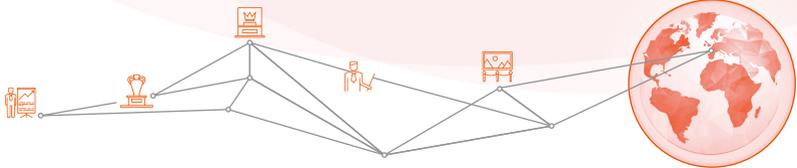
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. SHARE CAPITAL

	Par value HK\$	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised:			
At 1 July 2015	0.01	1,000,000,000	10,000
Share subdivision (<i>Note (a)</i>)	0.002	<u>4,000,000,000</u>	<u>–</u>
At 30 June 2016, 1 July 2016 and 31 December 2016	0.002	<u>5,000,000,000</u>	<u>10,000</u>
Issued and fully paid:			
At 1 July 2015	0.01	240,000,000	2,400
Share subdivision (<i>Note (a)</i>)	0.002	<u>960,000,000</u>	<u>–</u>
At 30 June 2016 and 1 July 2016	0.002	1,200,000,000	2,400
Placing of shares (<i>Note (b)</i>)	0.002	<u>150,800,000</u>	<u>302</u>
At 31 December 2016	0.002	<u>1,350,800,000</u>	<u>2,702</u>

Notes:

- (a) On 22 September 2015, each issued and unissued ordinary shares of the Company of HK\$0.01 each were subdivided into five shares of HK\$0.002 each pursuant to the ordinary resolution passed by the then shareholders at an extraordinary general meeting held on 21 September 2015. As a result, the number of issued and authorised ordinary shares of the Company were adjusted from 240,000,000 shares to 1,200,000,000 shares and from 1,000,000,000 shares to 5,000,000,000 shares respectively.
- (b) On 6 December 2016, the Company entered into a Placing Agreement under which the Company agreed to place up to a total of 150,800,000 shares to independent third parties on a best effort basis, through a Placing Agent, at a price of HK\$0.63 per share under general mandate. Completion of the Placing of all of the 150,800,000 Placing Shares took place on 23 December 2016 and net proceeds from the Placing of approximately HK\$92,279,000 which is intended to be used for general working capital of the Group and/or future investment if opportunities arise.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. MATERIAL RELATED PARTY TRANSACTIONS

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

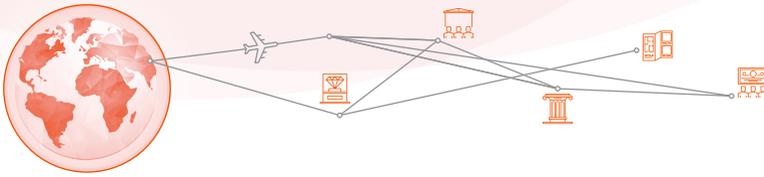
Remuneration for key personnel management, including emoluments paid to the Company's directors and certain highest paid employees of the Group, are as follows:

	For the six months ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	1,793	2,825
Retirement benefit scheme contributions	9	16
Total compensation paid to key management personnel	1,802	2,841

19. OPERATING LEASE COMMITMENTS

At 31 December 2016 and 30 June 2016, the Group had outstanding commitments payable under non-cancellable operating leases in respect of properties rented with lease terms of between 1 to 3 years which fall due as follows:

	At 31 December 2016 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Audited)
Within one year	5,271	8,089
In the second to fifth year, inclusive	340	4,599
	5,611	12,688



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. CONTINGENT LIABILITIES

The Group do not have any significant contingent liabilities as at 31 December 2016.

21. EVENTS AFTER THE REPORTING PERIOD

On 10 February 2017, Eastern Pioneer Holdings Limited, an indirect wholly-owned subsidiary of the Company (“**Eastern Pioneer**”) as the purchaser, entered into the sale and purchase agreement with Mr. Liu Jiazhen (“**Vendor**”), an independent third party, pursuant to which the Vendor has agreed to sell and Eastern Pioneer has agreed to purchase, the entire issued share capital of Sparkle Mass Limited (“**Target Company**”) at the consideration of HK\$40,000,000. For details, please refer to the announcement of the Company dated 10 February 2017.

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