MEGA EXPO HOLDINGS LIMITED

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

The board (the "**Board**") of directors (the "**Directors**") of Mega Expo Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 31 December 2017 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2017

		For the six months ended 31 December	
	Notes	**2017** **HK$'000** **(Unaudited)**	2016 *HK$'000* (Unaudited) (Restated)
Continuing operations			
Revenue	*5*	**73,459**	91,385
Other revenue	*6*	**726**	176
Other gains and losses	*7*	**12,482**	475
Gain on disposal of subsidiaries	*24*	**14,130**	–
Net gain/(loss) on financial assets at fair value through profit or loss	*7*	**151**	(5,295)
Advertising and promotion expenses		**(153)**	(5,373)
Agency commission		**–**	(4,514)
Exhibition rentals		**(15,191)**	(16,765)
Staff costs		**(10,868)**	(17,250)
Booth construction costs		**(5,296)**	(17,583)
Exhibition expenses		**(955)**	(6,747)
Other operating expenses		**(15,723)**	(18,561)
Finance costs	*21*	**(70)**	–

	Notes	For the six months ended 31 December 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited) (Restated)
Profit/(loss) before tax from continuing operations	*7*	**52,692**	(52)
Income tax expenses	*8*	**(7,592)**	(5,070)
Profit/(loss) for the period from continuing operations		**45,100**	(5,122)
Discontinued operation			
Loss for the period from discontinued operation		**–**	(6,644)
Profit/(loss) for the period		**45,100**	(11,766)
Other comprehensive income/(expenses)			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**2,706**	(139)
Total comprehensive income/(expenses) for the period		**47,806**	(11,905)
Profit/(loss) for the period attributable to owners of the Company arises from:			
Continuing operations		**45,100**	(2,215)
Discontinued operation		**–**	(6,644)
		45,100	(8,859)

	Notes	For the six months ended 31 December 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited) (Restated)
Profit/(loss) for the period attributable to non-controlling interests arises from:			
Continuing operations		**–**	(2,907)
Discontinued operation		**–**	–
		–	(2,907)
		45,100	(11,766)
Total comprehensive income/(expenses) for the period attributable to:			
Owners of the Company		**47,806**	(8,998)
Non-controlling interests		**–**	(2,907)
		47,806	(11,905)
Earnings/(loss) per share attributable to owners of the Company:	*10*		
Basic and diluted *(HK cents)*			
– From continuing operations		**3.28**	(0.18)
– From discontinued operation		**–**	(0.55)
		3.28	(0.73)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	**At 31 December 2017 *HK$'000* (Unaudited)**	At 30 June 2017 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment	*11*	**8,779**	10,368
Intangible assets	*12*	**26,615**	–
Goodwill	*13*	**83,707**	35,998
Financial assets at fair value through profit or loss	*14*	**4,992**	3,080
Interest in an associate		**16**	8
Prepayments, deposits and other receivables	*15*	**386**	–
		124,495	49,454
Current assets			
Inventories		**32,480**	–
Trade receivables	*16*	**20,673**	3,880
Loan receivables	*17*	**16,342**	–
Payments in advance		**1,961**	–
Prepayments, deposits and other receivables	*15*	**51,432**	26,079
Financial assets at fair value through profit or loss	*14*	**24,849**	460
Cash and cash equivalents	*18*	**32,703**	54,583
		180,440	85,002
Asset classified as held for sale		**–**	35,870
		180,440	120,872

	Notes	At **31 December** **2017** ***HK$'000*** **(Unaudited)**	At 30 June 2017 *HK$'000* (Audited)
Current liabilities			
Trade payables	*19*	**10,223**	–
Receipts in advance		**4,194**	17,330
Accruals, deposits received and other payables	*20*	**14,354**	8,432
Amount due to a director		**9**	–
Contingent consideration payable	*21*	**13,658**	–
Income tax payables		**4,819**	2,534
		47,257	28,296
Net current assets		**133,183**	92,576
Total assets less current liabilities		**257,678**	142,030
Non-current liability			
Contingent consideration payable	*21*	**27,316**	–
NET ASSETS		**230,362**	142,030
Capital and reserves			
Share capital	*22*	**2,754**	2,702
Reserves		**231,932**	143,652
Equity attributable to owners of the Company		**234,686**	146,354
Non-controlling interests		**(4,324)**	(4,324)
TOTAL EQUITY		**230,362**	142,030

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

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 of Hong Kong Limited (the "**Stock Exchange**"). The principal place of business of the Company in Hong Kong is Suites 911-912, Level 9, One Pacific Place, 88 Queensway, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in management, as well as the organisation of trade exhibitions, events contracting and exhibition related services, provision of brand management and related services, contracting services and equipment advisory, and provision of loan and financing.

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 period ended 31 December 2017 (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 23 February 2018.

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 2017 as contained in the Company's annual report 2016/17 ("**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 Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. Unless otherwise specifically stated, all amounts are presented in thousand.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months ended 31 December 2017 are the same as those followed in the preparation of Annual Report.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial liabilities and equity instruments

Convertible bonds

The component parts of convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to convertible bonds equity reserve. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to convertible bonds equity reserve. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible bonds using the effective interest method.

Property, plant and equipment

Property, plant and equipment held for use in production or supply of goods or services, or for administrative purpose are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful life, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	20%
Computer equipment	25%-33%
Motor vehicle	20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

Derecognition of intangible assets

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

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

Sub-licensed Rights	46 months
Trademarks and brands	Over the expected lifespan of the trademarks and brands

Both the period and method of amortisation are reviewed annually.

The Group has applied, for the first time, certain new or revised and amendments to Hong Kong Financial Reporting Standards ("**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:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Venture[2]
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
HKAS 40 (Amendments)	Investment Property[1]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) – Int 23	Uncertainty Over Income Tax Treatments[2]

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

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

[3] *Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.*

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

The Directors anticipate that the application of HKFRS 9, HKFRS 15 and HKFRS 16 in the future may have impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

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

4. SEGMENT INFORMATION

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

The operating and reportable segments are as follows:

Organisation of exhibitions, events contracting and related services	Organising trade shows and exhibitions, events contracting, provision of additional facilities, sub-contracting, management and ancillary services for trade shows, exhibitions and events
Financing	Provision of personal and corporate loans and money financing for cultural and entertainment industry
Contracting services and equipment advisory	Contracting services and equipment advisory, supplying and installation of equipment and facilities used in cultural and entertainment industry
Brand management and related services	Holding the trademark and provision of management services
Roadshows (discontinued operation)	Provision of roadshows

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

For the six months ended 31 December

	Continuing operations								Discontinued operation			
	Organisation of exhibitions, events contracting and related services		Financing		Contracting services and equipment advisory		Brand management and related services		Roadshows		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue												
Segment revenue	**55,743**	91,385	**342**	–	**–**	–	**33,771**	–	**–**	–	**89,856**	91,385
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**(16,397)**	–	**–**	–	**(16,397)**	–
Revenue from external customers	**55,743**	91,385	**342**	–	**–**	–	**17,374**	–	**–**	–	**73,459**	91,385
Results												
Segment results	**25,684**	32,461	**197**	–	**(175)**	–	**13,210**	–	**–**	(6,644)	**38,916**	25,817
Net gain/(loss) on financial assets at fair value through profit or loss											**151**	(5,295)
Gain on disposal of subsidiaries											**14,130**	–
Unallocated income and other gains and losses											**12,475**	635
Unallocated corporate expenses											**(12,980)**	(27,853)
Profit/(loss) before tax											**52,692**	(6,696)
Income tax expenses											**(7,592)**	(5,070)
Profit/(loss) for the period											**45,100**	(11,766)

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

	Continuing operations								Discontinued operation			
	Organisation of exhibitions, events contracting and related services		Financing		Contracting services and equipment advisory		Brand management and related services		Roadshows		Total	
	At 31 December 2017	At 30 June 2017	**At 31 December 2017**	At 30 June 2017	**At 31 December 2017**	At 30 June 2017	**At 31 December 2017**	At 30 June 2017	**At 31 December 2017**	At 30 June 2017	**At 31 December 2017**	At 30 June 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Assets												
Segment assets	**64,146**	50,614	**25,040**	–	**43,615**	–	**86,717**	–	**–**	35,870	**219,518**	86,484
Unallocated corporate assets											**85,417**	83,842
											304,935	170,326
Liabilities												
Segment liabilities	**8,833**	18,638	**34**	–	**13,548**	–	**48,491**	–	**–**	–	**70,906**	18,638
Unallocated corporate liabilities											**3,667**	9,658
											74,573	28,296

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

– all assets are allocated to reportable segments other than corporate assets; and

– all liabilities are allocated to reportable segments other than corporate liabilities.

Other segment information

For the six months ended 31 December

	Continuing operations								Discontinued operation					
	Organisation of exhibitions, events contracting and related services		Financing		Contacting services and equipment advisory		Brand management and related services		Roadshows		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Depreciation of property, plant and equipment	**(69)**	–	**–**	–	**–**	–	**(18)**	–	**–**	–	**(1,435)**	(1,350)	**(1,522)**	(1,350)
Capital expenditures	**–**	–	**(795)**	–	**(2)**	–	**(48,528)**	–	**–**	(15,857)	**(16)**	(64)	**(49,341)**	(15,921)
Net gain/(loss) on financial assets at fair value through profit or loss	**(460)**	–	**–**	–	**–**	–	**(87)**	–	**–**	–	**698**	(5,295)	**151**	(5,295)
Gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**14,130**	–	**14,130**	–
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**(3,407)**	–	**–**	(6,522)	**–**	–	**(3,407)**	(6,522)

5. REVENUE

Revenue represents income arising from the organisation of trade exhibitions, events contracting and exhibition related services, provision of brand management and related services, and provision of loan and financing.

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

	For the six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Participation and additional facilities income	**55,743**	91,385
Brand management fee and related services income	**17,374**	–
Loan interest income	**342**	–
	73,459	91,385

6. OTHER REVENUE

	For the six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Government subsidies	**351**	–
Sundry income	**375**	176
	726	176

7. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

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

	For the six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Staff costs:		
Employee benefit expenses (including Directors' emoluments):		
– Salaries, allowance and other benefits	**10,714**	16,876
– Retirement benefit schemes contributions	**154**	374
	10,868	17,250
Other items:		
Depreciation of property, plant and equipment *(Note 11)*	**1,522**	1,350
Amortisation of intangible assets *(Note 12)*	**3,407**	–
Auditors' remuneration	**1,072**	1,147
Operating lease rentals in respect of land and building	**3,442**	5,779

	For the six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Net (gain)/loss on financial assets at fair value through profit or loss:		
Net realised (gain)/loss on financial assets at fair value through profit or loss	**(280)**	3,481
Net unrealised (gain)/loss on financial assets at fair value through profit or loss	**(418)**	1,814
Loss on fair value change of profit guarantee *(Note 14)*	**547**	–
Net (gain)/loss on financial assets at fair value through profit or loss	**(151)**	5,295
Other gains and losses:		
Dividend income	**(78)**	–
Interest income	**(889)**	(502)
Exchange (gains)/losses, net	**(26)**	27
Reversal of impairment loss on other receivable	**(11,500)**	–
Gain on disposal of property, plant and equipment	**(48)**	–
Write off of property, plant and equipment *(Note 11)*	**59**	–
	(12,482)	(475)

8. INCOME TAX EXPENSES

	For the six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong Profits Tax	**1,450**	5,070
– PRC Enterprise Income Tax	**6,142**	–
	7,592	5,070

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 31 December 2017 and 2016.

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

Pursuant the EIT Law and its implementation rules, royalty receivable by non-PRC corporate residents from the PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

No provision for the US federal income tax and branch profits tax has been made as the US-incorporated subsidiary did not have any assessable profits in the US for the six months ended 31 December 2017 and 2016.

9. DIVIDEND

No dividend was paid, declared or proposed for the Reporting Period (six months ended 31 December 2016: Nil).

10. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of basic earnings/(loss) per share is based on the profit from continuing operations attributable to owners of the Company for the Reporting Period of approximately HK$45,100,000 (six months ended 31 December 2016: loss of approximately HK$2,215,000 (restated)), nil profit or loss from discontinued operation attributable to owners of the Company for the Reporting Period (six months ended 31 December 2016: loss of approximately HK$6,644,000 (restated), and on weighted average number at 31 December 2017 of approximately 1,373,212,000 ordinary shares (at 31 December 2016: approximately 1,207,376,000 ordinary shares (restated)) in issue.

Diluted earnings per share was an anti-dilutive effect after adjusting for the effect of interest on the convertible bond for the Reporting Period (six months ended 31 December 2016: no dilutive potential shares in existence).

11. PROPERTY, PLANT AND EQUIPMENT

	HK$'000
Carrying amount at 1 July 2016 (Audited)	8,507
Additions	15,921
Disposals	(178)
Depreciation	(1,350)
Written off	(1,655)
Exchange alignment	(12)
Carrying amount at 31 December 2016 (Unaudited)	21,233
Carrying amount at 1 July 2017 (Audited)	10,368
Acquisition of subsidiaries	80
Additions	18
Disposals	(108)
Depreciation *(Note 7)*	(1,522)
Written off *(Note 7)*	(59)
Exchange alignment	2
Carrying amount at 31 December 2017 (Unaudited)	8,779

12. INTANGIBLE ASSETS

	HK$'000
Carrying amount at 1 July 2016 (Audited)	48,913
Amortisation	(6,522)
Carrying amount at 31 December 2016 (Unaudited)	42,391
Carrying amount at 1 July 2017 (Audited)	–
Acquisition of a subsidiary	27,324
Addition	1,614
Amortisation *(Note 7)*	(3,407)
Exchange alignment	1,084
Carrying amount at 31 December 2017 (Unaudited)	26,615

Notes:

(a) At 31 December 2016, the intangible asset represents the sub-license right granted to the Group for using intellectual properties in relation to all series and any types of "Ultraman" at roadshows, events, exhibitions in the Territory. 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. The sub-license right was disposed through a company disposal scheme, details can be referred to the Note 24 of condensed consolidated financial statements.

(b) At 31 December 2017, the intangible assets represent certain trademarks and brands obtained from a subsidiary acquisition and additions from third parties. These trademarks and brands are amortised over their lifespan.

13. GOODWILL

	At 31 December 2017 HK$'000 (Unaudited)	At 30 June 2017 HK$'000 (Audited)
At the beginning of the period	**35,998**	–
Arising from acquisition of subsidiaries *(Note 23)*	**47,709**	35,998
At the end of the period	**83,707**	35,998

Goodwill acquired in a business combination is allocated to a cash-generating units ("**CGU**") that is expected to benefit from that business combination.

The Group tests goodwill impairment annually or more frequently if there are indications that goodwill might be impaired. During the Reporting Period, the Group determined that no impairment loss has been identified.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2017 HK$'000 (Unaudited)	At 30 June 2017 HK$'000 (Audited)
Equity securities listed in Hong Kong	**10,588**	–
Unlisted investment in overseas	**10,036**	–
Profit guarantee *(Note)*	**9,217**	3,540
	29,841	3,540
Analysed for reporting purposes as:		
Current portion	**24,849**	460
Non-current portion	**4,992**	3,080
	29,841	3,540

Note:

	Profit guarantee
	HK$'000
At 1 July 2017 (Audited)	3,540
Acquired from the acquisition of the subsidiary *(Note 23)*	6,224
Loss on fair value change of profit guarantee *(Note 7)*	(547)
At 31 December 2017 (Unaudited)	9,217

At 31 December 2017, the fair value of profit guarantee was approximately HK$9,217,000, resulting in a loss on fair value change of approximately HK$547,000.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2017	At 30 June 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Prepayments	**1,158**	7,405
Deposits	**1,934**	1,848
Other receivables	**48,726**	16,826
	51,818	26,079
Analysed for reporting purposes as:		
Current portion	**51,432**	26,079
Non-current portion	**386**	–
	51,818	26,079

16. TRADE RECEIVABLES

	At 31 December 2017	At 30 June 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**20,673**	3,880

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

	At 31 December 2017	At 30 June 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-30 days	**8,888**	3,880
31-60 days	**11,005**	–
61-90 days	**780**	–
Total	**20,673**	3,880

The following is an ageing analysis of trade receivables which are past due but not impaired for both period ended 31 December 2017 and year ended 30 June 2017:

	At 31 December 2017	At 30 June 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**1,311**	–
31 – 60 days	**1,090**	–
61 – 90 days	**699**	–
Total	**3,100**	–

The Group's trade receivables arose from provision of exhibition services and brand management services to companies in the PRC. The Group's credit period granted to each customer was generally for an average period of 0 – 90 days. The Group sought to maintain control over its outstanding receivables and overdue balances were regularly reviewed by management. The carrying amounts of trade receivables approximate their fair value.

17. LOAN RECEIVABLES

	At 31 December 2017	At 30 June 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unsecured loan	**8,174**	–
Secured loan	**8,168**	–
	16,342	–

At 31 December 2017, an unsecured loan with carrying amount of approximately HK$8,174,000 was advanced to a corporation with fixed interest rate of 12% per annum and the owner of the corporation personally guaranteed the repayment of this corporate loan.

At 31 December 2017, a secured loan with carrying amount of approximately HK$8,168,000 was advanced to an individual with collateral over his unlisted Hong Kong equity securities and bore fixed interest rate of 12% per annum.

All the borrowers were independent third parties not connected with the Group as at the date of entering the loan agreements.

The loans have covenants terms, of which the loans would become payable on demand if the borrowers have breached the covenants terms.

18. CASH AND CASH EQUIVALENTS

At 31 December 2017, the remittance of cash and cash equivalents denominated in Renminbi ("**RMB**") of approximately HK$10,955,000 (at 30 June 2017: approximately HK$2,926,000) out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

19. TRADE PAYABLES

	At 31 December 2017 *HK$'000* (Unaudited)	At 30 June 2017 *HK$'000* (Audited)
Trade payables	**10,223**	–

The following is an ageing analysis of trade payables presented on the basis of the dates of the invoices.

	At 31 December 2017 *HK$'000* (Unaudited)	At 30 June 2017 *HK$'000* (Audited)
0 – 30 days	**10,223**	–

20. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	At 31 December 2017 *HK$'000* (Unaudited)	At 30 June 2017 *HK$'000* (Audited)
Accruals	**1,015**	4,642
Deposits received	**1,200**	1,151
Other payables	**12,139**	2,639
	14,354	8,432

21. CONTINGENT CONSIDERATION PAYABLE

The calculation of contingent consideration at the end of the Reporting Period as follows:

	HK'000
	(Unaudited)
Issued convertible bond for consideration	
– Convertible Bond I	40,456
Contingent consideration	
– Convertible Bond II	13,658
– Convertible Bond III	13,658
– Convertible Bond IV	13,658
Total fair value of consideration	81,430
Effective interest expenses	70
Conversion of Convertible Bond I	(40,526)
Contingent consideration	40,974
Analysed for reporting purposes as:	
Current portion	13,658
Non-current portion	27,316
	40,974

The initial consideration is HK$48,024,000 (subject to adjustments) in accordance with the sale and purchase agreement of Fortune Selection Limited and its subsidiaries ("**Fortune Selection Group**"). For details, please refer to the announcement of the Company dated 7 April 2017 and 12 July 2017 respectively.

The first convertible bond ("**Convertible Bond I**") with principal amount of HK$24,012,000 was issued to vendor on 13 July 2017. The remaining convertible bonds ("**Convertible Bonds II, III and IV**") will be issued when the set targeted profits to be achieved in subsequent periods.

At 31 December 2017, the contingent consideration of approximately HK$40,974,000 includes Convertible Bonds II, III and IV of approximately HK$13,658,000 each.

22. SHARE CAPITAL

	Par value	Number of ordinary shares	Nominal value of ordinary shares
	HK$		*HK$'000*
Authorised:			
At 1 July 2016	0.002	5,000,000,000	10,000
At 30 June 2017, 1 July 2017 and 31 December 2017	0.002	5,000,000,000	10,000
Issued and fully paid:			
At 1 July 2016	0.002	1,200,000,000	2,400
Placing of shares	0.002	150,800,000	302
At 30 June 2017 and 1 July 2017 (Audited)	0.002	1,350,800,000	2,702
Conversion of convertible bonds *(Note)*		26,100,000	52
At 31 December 2017 (Unaudited)	**0.002**	**1,376,900,000**	**2,754**

Note:

On 17 July 2017, the Company received a conversion notice from the vendor for the exercise of the conversion rights. A total number of 26,100,000 conversion shares have been allocated and issued to the vendor on 27 July 2017. The number of issued shares of the Company will be increased to 1,376,900,000 shares after the allotment and issue of the conversion shares.

23. ACQUISITION OF SIGNIFICANT SUBSIDIARIES

(i) Fortune Selection Group

On 13 July 2017, the Group acquired 100% equity interest of Fortune Selection Group through its wholly-owned subsidiary, Super Team Development Limited, at a consideration of HK$48,024,000 (subject to the adjustments), which shall be satisfied by the Company by way of issue of convertible bonds at zero coupon interest rate. The fair value of consideration for the acquisition as disclosed in Note 21, Convertible Bond I with principal amount of HK$24,012,000 based on conversion price of HK$0.92 per conversion share was issued to the vendor on 13 July 2017. The amount of goodwill arising as a result of the acquisition was approximately HK$46,914,000.

The Convertible Bond I contains two components, liability and equity components. The equity component represents the fair value of the conversion option, which is credited directly to equity as convertible bond reserve of the Group. The liability component of the Convertible Bond I is carried on amortised cost basis until extinguished on conversion or redemption. The effective interest rate of the liability component is 9.66% per annum.

(ii) i-Lend Finance Limited

On 18 September 2017, the Group acquired 100% equity interest of i-Lend Finance Limited, through its wholly-owned subsidiary, Best Trained Limited, at a cash consideration of approximately HK$834,000. The amount of goodwill arising as a result of the acquisition was approximately HK$795,000.

Goodwill arising from acquisition

	HK$'000
Consideration transferred at fair value	82,264
Less: Fair value of financial assets from profit guarantee *(Note 14)*	(6,224)
Less: Net assets acquired	(28,331)
Goodwill arising from the acquisition *(Note 13)*	47,709

Goodwill arising from the acquisition represents the excess of the fair value of the considerations to be paid by the Group over the fair value of net tangible assets acquired.

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

24. DISPOSAL OF SIGNIFICANT SUBSIDIARY

The Group has disposed its 100% equity interest in Up Huge Corporation Limited, a wholly-owned subsidiary of the Company which owns Sub-Licensed Rights of "Ultraman", an intangible asset of the Group, at a consideration of HK$50,000,000. The gain arising from the disposal was calculated as follows:

	HK$'000
Total consideration received in cash	50,000
Net asset disposed of:	
Intangible asset	(35,870)
Gain on disposal of significant subsidiary	14,130

25. 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	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	**1,413**	1,793
Retirement benefit scheme contributions	**9**	9
Total compensation paid to key management personnel	**1,422**	1,802

26. OPERATING LEASE COMMITMENTS

At 31 December 2017 and 30 June 2017, the Group had outstanding commitments payable under non-cancellable operating leases in respect of properties rented with lease terms of between 1 to 2 years which fall due as follows:

	At 31 December 2017	At 30 June 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**4,564**	6,266
In the second to fifth year, inclusive	**720**	1,543
	5,284	7,809

27. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2017.

28. EVENTS AFTER THE REPORTING PERIOD

Details of subsequent events after the reporting period can be referred to the section headed "Subsequent Events" in the "Management Discussion and Analysis" section of this interim results announcement.

29. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform the disclosure requirement in respect of the discontinued operation to the condensed consolidated financial statements. The comparative figures in the condensed consolidated statement of profit or loss have been restated as if the discontinued operation had been discontinued at the beginning of the six months ended 31 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADING PROSPECTS OF THE GROUP

Operation of exhibition business, events contracting and related services

The Group considers there is enormous business potential in the People's Republic of China (**"PRC"**). During the year ended 30 June 2017, the Group acquired an exhibition and event management consulting group based in Shanghai. Details of such acquisition were set out in the announcement of the Company dated 10 February 2017 and such acquisition was completed on 3 March 2017. The Group considers the prospects of the PRC exhibition market, including but not limited, to semi medium-sized events planning and other exhibition related services, to be optimistic. Taking advantage of the favorable macro economic environment and the acquired business network in the PRC, the Group is well poised to explore further business opportunities in the PRC. Since such acquisition completion on 3 March 2017, the Group has successfully completed a number of event planning projects in the PRC. We have facilitated product launch events, overseas real estate exhibition, sales promotion events and music awards ceremony. Looking forward, the Group will continue to develop its project management team, sharpen its expertise as an event service provider and build its reputation from every event it facilitates.

Facing the challenges ahead including increased competition, increased costs and limited market potential in Hong Kong, the Group will be prudent in managing its business operations and evaluating business developing opportunities in Hong Kong. On the other hand, the Group is exploring business opportunities outside of Hong Kong at the same time in diversifying the revenue sources and strengthening the competitive advantages so that the Group can minimize possible exposure to the uncertainties in Hong Kong market. Looking forward, while continuing to expand the segment of the PRC business, the Group expects to maintain its core exhibition show series in Hong Kong, namely Mega Show Series and to devote more attention to explore possibilities of engaging in other suitable events or fields with high market potential.

Operation of contracting services and equipment advisory

Aiming to enhance the quality and expand the scope of our services to our customers in exhibition and entertainment events, the Group has commenced and is off to a good start on offering onestop contracting services on booth design, equipment procurement and installation; also providing equipment advisory on the spectacle of light art, specialised sound and music. The Group believes that the launch of such value-added services has great potential to drive our business growth and bring synergy of brand management business to events organising, design and marketing services. Leveraging on the client network of our brand management business and the effort of our management team, the Group has already been exploring such business potential by establishing an operation to engage in supplying and installation of equipment and facilities used in cultural and entertainment industry.

Operation of brand management and brand management related downstream businesses

The Group has already propelled a remarkable progress in providing bar brand services under the name of "PHEBE", "MT" and "U.CLUB" in various cities in the PRC, including Shanghai, Suzhou, Yixing, Hefei, Nantong, Beihai etc. The Group has secured a list of licensees operating under our acquired brands, which allows the Group to gain sharing of income from licensing, brand management and provision of management services. Besides those brands we acquired, we are also exploring the brand management business in clubbing and entertainment market by promoting some new brands and additional bars and restaurants which are interested in joining our licensing, brand management platform in order to leverage on our brands. In addition to earning licensing income, we also deliver management advisory services to bars and restaurants, such as visual identity system on store front signboard and brand training. Looking forward, the Group will strive to develop and promote our brands to become the brands that can offer premium and high-end clubbing and entertainment experience, expand to other parts of the PRC and franchise to potential business partners in suitable locations. Taking into account the market potential and associated business risks and if suitable opportunities arise, the Group may also consider the possibilities of tapping into PRC clubbing and entertainment market by utilising its own prestigious brands resources and its event management expertise.

Financing business

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

Since such acquisition, in order to further expand our financing business and to capture more business opportunities in this industry, we have injected certain amounts of financial resources and kept building our own business infrastructure such as human resources recruiting, setting up a system of risk management and internal control for loan application and post loan management. For the six months ended 31 December 2017, we have entered into two medium term loan agreements with an individual and a company respectively. We believe financing business will bring a reasonable return and broaden the profit base of the Group. The Group will continue to take cautious measures with the expansion of its financing business in the future and aim to develop and position such financing business as a unique financing platform targeting the cultural and entertainment industry.

Overall speaking, the Group will continue to put effort to improve and enhance its exhibition and brand management businesses. At the same time, the Group will explore any synergistic investment and development opportunities which help to capitalise on any growth opportunities and thereon enhance the Shareholders' value.

FINANCIAL OVERVIEW

For the six months ended 31 December 2017, the Group recorded a total revenue of approximately HK$73,459,000 (six months ended 31 December 2016: approximately HK$91,385,000), representing a decrease of 19.6% for the corresponding period of last year. The decline in revenue was mainly attributable to a declining contribution from the Group's organisation of exhibitions, events contracting and related services segment. Such decline had partially been offset by the satisfactory performance from the brand management and related services segment.

For the six months ended 31 December 2017, income before tax from continuing operations was approximately HK$52,692,000 (six months ended 31 December 2016: loss before tax from continuing operations of approximately HK$52,000), representing an increase of approximately HK$52,744,000 from the corresponding period of last year, the improvement was primarily due to the combined effect of (i) an one off disposal gain of a subsidiary of the Company of approximately HK$14,130,000; (ii) a reversal of an impairment loss on other receivables of approximately HK$11,500,000; (iii) a decline in expenses as a result of costs control implemented and (iv) a satisfactory performance from the brand management and related services segment.

INTERIM DIVIDEND

The board (the "**Board**") of the directors (the "**Directors**") of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2017 (2016: Nil).

CAPITAL STRUCTURE

As at 31 December 2017, the total equity of the Group was approximately HK$230,362,000 (30 June 2017: approximately HK$142,030,000). The increase was mainly attributable to the combined effect of (i) an increase in share capital and share premium of approximately HK$52,000 and HK$40,474,000 respectively from the conversion of a convertible bonds with principal amount of HK$24,012,000 (details of which can be referred to the Fortune Selection Acquisition in the section headed "Material Acquisition and Disposal" below); and (ii) profit for the six months ended 31 December 2017 of approximately HK$45,100,000. Save as the contingent consideration payable arised from Fortune Selection Acquisition, the Group had no other material borrowings, debt securities or other capital instruments as at 31 December 2017. The Group manages its capital to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through maintaining the equity and debt in a balanced position. As at 31 December 2017, the Company's issued share capital was HK$2,753,800 (30 June 2017: HK$2,701,600) with 1,376,900,000 (30 June 2017: 1,350,800,000) ordinary shares of HK$0.002 each in issue. The increase in the number of ordinary shares was due to the conversion of a convertible bonds with principal amount of HK$24,012,000 during the six months ended 31 December 2017.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, there were no other equity fund raising activities of the Company during the last 12 months prior to the six months ended 31 December 2017:

Date of announcements	Fund raising activity	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds as at 31 December 2017
19 May 2017, 26 May 2017, 9 June 2017	Placing of new Shares under general mandate	HK$97.2 million	General working capital of the Group and/or future investments if opportunities arise	The placing under general mandate has lapsed on 9 June 2017
6 December 2016, 23 December 2016	Placing of new Shares under general mandate	HK$92.4 million	General working capital of the Group and/or future investments if opportunities arise	As to (i) HK$40 million was used to acquire a target group to strengthen and enhance the Group's exhibition business in China (details of which are set out in the announcement of the Company dated 10 February 2017); (ii) HK$30 million was deposited to subscribe a private equity fund (details of which are set out in the announcement of the Company dated 31 October 2017); and (iii) approximately HK$22.4 million was used for general working capital of the Group

SIGNIFICANT INVESTMENTS

A net gain of approximately HK$151,000 was recognised for the Group's financial assets at fair value through profit or loss for the six months ended 31 December 2017 (six months ended 31 December 2016: net loss of approximately HK$5,295,000). Such net gain comprised (i) a loss on fair value change of profit guarantee of approximately HK$547,000 (six months ended 31 December 2016: Nil) and (ii) a net realised and unrealised gain on financial assets at fair value through profit or loss of approximately HK$698,000 (six months ended 31 December 2016: net loss of approximately HK$5,295,000). Details can be referred to Note 7 to the condensed consolidated financial statements.

Pursuant to the terms of sale and purchase agreement in relation to the acquisition of Sparkle Mass Limited and its subsidiaries ("**Sparkle Mass Group**") (details of which can be referred to the announcement of the Company dated 10 February 2017), the vendor undertakes that the net profit of the Sparkle Mass Group in the audited financial statements for each of the financial year ended 31 December 2017, 31 December 2018 and 31 December 2019 shall not be less than HK$13,000,000, HK$14,000,000 and HK$15,000,000 respectively. If there is a shortfall on the profit of Sparkle Mass Group in each of the above period, there will be cash compensation of the shortfall from the vendor to the Group.

The vendor of the Fortune Selection Group also undertakes that the net profit of the Fortune Selection Group in the audited financial statements for each of the financial year ended 31 December 2017, 31 December 2018 and 31 December 2019 shall not be less than HK$10,000,000, HK$11,000,000 and HK$12,000,000 respectively (details of which can be referred to the announcements of the Company dated 7 April 2017 and 12 July 2017 respectively and the section headed "Material Acquisition and Disposal" below). If there is a shortfall on the net profit of Fortune Selection Group in each of the above period, there will be an adjustment on the amount of convertible bonds to be transferred to the vendor.

The fair value of the above guarantee profit were based on a valuation conducted by an independent firm of professional valuer after assessing the possibility of meeting the guarantee profit and certain assumptions of market conditions. Shall the chance become higher on meeting the above guarantee profit, the possibility of requiring the vendor to compensate and thus the fair value of profit guarantee becomes lower. During the six months ended 31 December 2017, the Group recognised a loss on fair value change of profit guarantee of approximately HK$547,000 (six months ended 31 December 2016: Nil).

	At 31 December 2017	At 30 June 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss – Guarantee profit	**9,217**	3,540
Financial assets at fair value through profit or loss – Listed and unlisted investments	**20,624**	–

Financial assets at fair value through profit or loss in terms of market value as at 31 December 2017

An exhaustive list of stocks in term of market value as at 31 December 2017

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at 31 December 2017	Percentage of shares held as at 31 December 2017	Investment cost as at 31 December 2017 *HK$'000*	Market value as at 31 December 2017 *HK$'000*	Percentage to total assets value of the Group as at 31 December 2017
Tracker Fund of Hong Kong	2800	The Fund's investment objective is to provide investment results that closely correspond to the performance of the Index	280,000	0.01%	8,164	8,414	2.76%
Link REIT	823	Link Real Estate Investment Trust is a Hong Kong-based real estate investment trust (REIT) and a constituent of the Hang Seng Index. It invests in a portfolio of properties, including retail facilities, markets, car parks and office in Hong Kong, Beijing and Shanghai	30,000	0.001%	2,042	2,174	0.71%

Name of unlisted investment	Brief description of the business	Number of units held as at 31 December 2017	Investment cost as at 31 December 2017 *HK$'000*	Market value as at 31 December 2017 *HK$'000*	Percentage to total assets value of the Group as at 31 December 2017
Qilu Jiacheng Preferred Income Fund ORDINARY HKD CLASS B	The Qilu Jiacheng Preferred Income Fund is a private equity fund issued by the Cayman Islands. It uses rational leverage through structured instruments and invests in fixed-income varieties such as bank preferred stocks in pursuit of a stable and safe high-yield fund	89,969	10,000	10,036	3.29%

Top 5 gains/(losses) for the six months ended 31 December 2017

Name of stock listed on the Stock Exchange	Stock code	Realised gain for the six months ended 31 December 2017	Unrealised gain for the six months ended 31 December 2017	Dividend received for the six months ended 31 December 2017
		HK$'000	*HK$'000*	*HK$'000*
Tracker Fund of Hong Kong	2800	152	250	–
China Wan Tong Yuan (Holdings) Limited	8199	69	–	–
Genes Tech Group Holdings Company Limited	8257	52	–	–
Link REIT	823	–	132	36

Name of unlisted investment	Realised gain/(loss) for the six months ended 31 December 2017	Unrealised gain for the six months ended 31 December 2017	Dividend received for the six months ended 31 December 2017
	HK$'000	*HK$'000*	*HK$'000*
Qilu Jiacheng Preferred Income Fund ORDINARY HKD CLASS B	–	36	–

Top 5 stocks in terms of market value as at 30 June 2017

As a result of disposal and redemption of all listed and private investments, the Group did not hold any portfolio of investments as at 30 June 2017.

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 31 December 2016	Unrealised gain/(loss) for the six months ended 31 December 2016	Dividend received for the six months ended 31 December 2016
		HK$'000	*HK$'000*	*HK$'000*
Ding He Mining Holdings Limited	705	(2,273)	–	–
Co-Prosperity Holdings Limited	707	(480)	–	–
Hong Kong Life Sciences and Technologies Group Limited	8085	(2,098)	–	–
Sino Haijing Holdings Limited	1106	215	–	–
Leyou Technologies Holdings Limited	1089	1,191	–	–

Name of unlisted investment	Realised gain/(loss) for the six months ended 31 December 2016	Unrealised loss for the six months ended 31 December 2016	Dividend received for the six months ended 31 December 2016
	HK$'000	*HK$'000*	*HK$'000*
KKC Capital High Growth Fund Segregated Portfolio	–	(1,814)	–

MATERIAL ACQUISITION AND DISPOSAL

On 7 April 2017, Super Team Development Limited ("**Super Team**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ms. Wong Man ("**Ms. Wong**"), an individual and an independent third party not connected with the Company and its connected person as at the date of entering into the sale and purchase agreement. Pursuant to the sale and purchase agreement, Super Team agreed to purchase the entire equity interest of Fortune Selection Limited and its subsidiaries ("**Fortune Selection Group**") from Ms. Wong at a consideration of approximately HK$48,024,000, which shall be satisfied by the issuance of four tranches of convertibles bonds (the "**CBs**") of the Company (the "**Fortune Selection Acquisition**"). The CBs in the aggregate principal amount of HK$48,024,000 will be convertible into a maximum of 52,200,000 new ordinary shares (the "**CB Conversion Share(s)**") based on the initial conversion price of HK$0.92 (the "**CB Conversion Price**") per CB Conversion Share. The Fortune Selection Acquisition was completed on 13 July 2017 and the first CB with principal amount of HK$24,012,000 was released to Ms. Wong. On 27 July 2017, a total number of 26,100,000 CB Conversion Shares have been allotted and issued to Ms. Wong at the CB Conversion Price for the exercise of the conversion rights attached to the first CB with principal amount of HK$24,012,000. As at 31 December 2017, the Group had no other outstanding CBs transferred to Ms. Wong save as the remaining CBs to be delivered if, the financial performance of the Fortune Selection Group has met certain set targeted profits to be achieved in subsequent periods, details of which can be referred to the announcements of the Company dated 7 April 2017 and 12 July 2017 respectively.

On 28 June 2017, Integral Wealth Limited ("**Integral Wealth**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ever Genesis Limited ("**Ever Genesis**"), an entity wholly-owned by Mr. Wang Jian, an individual and an independent third party not connected with the Company and its connected person as at the date of entering into the sale and purchase agreement. Pursuant to the sale and purchase agreement, Integral Wealth agreed to sell the entire equity interest of Up Huge Corporation Limited ("**Up Huge**") to Ever Genesis at a consideration of HK$50,000,000 by cash (the "**Up Huge Disposal**"). Up Huge is an investment vehicle of the Company holding an exclusive, non-transferable sub-license to use the "Ultraman" all intellectual properties from television programs and movies produced from 1996 to 2016 ("**Sub-Licensed Rights**") at roadshows, events and exhibitions in Hong Kong, Macau and Taiwan. The Up Huge Disposal was completed on 10 July 2017 and Up Huge is no longer a subsidiary of the Company after the completion. Details can be referred to the announcement of the Company dated 28 June 2017 in relation to the Up Huge Disposal.

On 31 October 2017, Greatest Best Limited ("**Greatest Best**"), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the "**MOU**") with Great Honour Capital Limited ("**Great Honour**"), an independent third party not connected with the Company and its connected persons as at the date of entering into the MOU. Pursuant to the MOU, Great Honour intended to set up and manage a private equity fund (the "**PE Fund**") and Greatest Best intended to subscribe for interest in the PE Fund once it is set up and its interest being offered. A refundable earnest money of HK$30,000,000 was deposited into an escrow account in accordance with the terms of the MOU, details of which can be referred to the announcement of the Company dated 31 October 2017. As at 31 December 2017 and up to the date of this interim results announcement, as certain conditions precedent as stated in the MOU were not fully fulfilled, the refundable earnest money of HK$30,000,000 was not applied towards the part payment of the PE Fund and the refundable earnest money was being classified as other receivables as at 31 December 2017 in accordance with relevant accounting standards.

On 24 November 2017, the Company and Mr. Liu Jianping ("**Mr. Liu**") entered into a sale and purchase agreement, pursuant to which the Company has agreed to acquire and Mr. Liu has agreed to sell, subject to certain conditions precedent as stated in the sale and purchase agreement, the entire issued share capital of the Cheer Sino Investment Holdings Limited and its subsidiaries (the "**Cheer Sino Group**") at the consideration of HK$268 million (the "**Cheer Sino Acquisition**"), of which HK$168 million shall be settled by the issue of convertible notes (the "**CNs**") and HK$100 million shall be settled in cash. The CNs in the aggregate principal amount of HK$168 million will be convertible into a maximum of 91,803,278 new ordinary shares (the "**CN Conversion Share(s)**") based on the initial conversion price of HK$1.83 (the "**CN Conversion Price**") per CN Conversion Share. To procure the payment of HK$100 million cash for the Cheer Sino Acquisition, the Company entered into a placing agreement (the "**Placing Agreement**") with Kingston Securities Limited (the "**Placing Agent**") simultaneously, pursuant to which the Company has agreed to appoint the Placing Agent as the placing agent to place and the Placing Agent has agreed to procure, not less than six independent, institutional or other professional investors to subscribe for, subject to certain conditions precedent as set out in the Placing Agreement, up to 68,600,000 new ordinary shares (the "**Placing Shares**") at the price of HK$1.5 per Placing Share (the "**Placing Price**") on a best effort basis (the "**Placing**"). The completion of the Acquisition and the Placing are inter-conditional and an extraordinary general meeting of the Company was convened on 9 February 2018 and shareholders of the Company have duly approved the sale and purchase Agreement in relation to the Cheer Sino Acquisition, the Placing Agreement, the issue and allotment of the CN Conversion Shares and the Placing

Shares, details of which can be referred to the announcements of the Company dated 24 November 2017, 19 January 2018 and 9 February 2018 respectively. Up to the date of this interim results announcement, as certain conditions precedent were not fully satisfied, the Cheer Sino Acquisition may or may not proceed.

Save as discussed above, there was no material acquisition or disposals of subsidiaries or associates of the Company.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2017, the Group's total current assets and current liabilities, exclusive of asset classified as held for sale, were approximately HK$180,440,000 (30 June 2017: approximately HK$85,002,000) and approximately HK$47,257,000 (30 June 2017: approximately HK$28,296,000) respectively, while the current ratio was about 3.8 times (30 June 2017: 3.0 times).

As at 31 December 2017, the Group maintained cash and cash equivalents of approximately HK$32,703,000 (30 June 2017: approximately HK$54,583,000). The decrease in cash and cash equivalents was primarily due to combined net effect of (i) a sales proceeds of approximately HK$50 million received from the Up Huge Disposal; (ii) for cash management, approximately HK$20 million was used to purchase certain listed securities and private investment funds (details can be referred to the section headed "Significant Investments" above; (iii) a HK$30 million was deposited into an escrow account in accordance with the MOU as stated in the section headed "Material Acquisition and Disposal" above; and (iv) approximately HK$16 million was lent to third parties under the financing business segment.

The cash and cash equivalents of the Group as at 31 December 2017 was mainly denominated in Hong Kong dollars ("**HK$**") and RMB.

In the foreseeable future, the Group expects to fund its capital expenditures, working capital and other capital requirements from the internal resources and other financing means which the Company may from time to time consider appropriate. As at 31 December 2017, the Group's major borrowings, being the amount of the contingent consideration payable, were approximately HK$40,974,000 (30 June 2017: Nil). The gearing ratio, which is calculated by dividing major borrowings by total equity, as at 31 December 2017 was 17.8% (30 June 2017: N/A).

As at 31 December 2017 and 30 June 2017, 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 2017 and 30 June 2017.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2017, the Group had a total of 34 full-time employees in Hong Kong and the PRC (30 June 2017: 23 full-time employees). The remuneration payable to its employees included salaries, discretionary bonus and commission. Remuneration packages were generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits to its employees.

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

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 2017.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Group will actively explore investment opportunities in the PRC to enhance its income source, which may or may not include any assets and/or business acquisitions or disposals by the Group. Any such plans will be subject to review and approval by the Board and compliance with the applicable requirements under the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") where appropriate. The Group may also implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable investment opportunities arise.

SUBSEQUENT EVENTS

Save as the Cheer Sino Acquisition as disclosed in the section headed "Material Acquisition and Disposal" above, the Group do not have any material subsequent events after the six months ended 31 December 2017.

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 six months ended 31 December 2017.

CORPORATE GOVERNANCE

The Board regularly reviews the corporate governance practices and procedures of the Group. Throughout the six months ended 31 December 2017, 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 (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

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

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

- Under code provision A.6.7, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Yang Bo, being an independent non-executive Director, could not attend the annual general meeting of the Company ("**AGM**") held on 7 December 2017 because of his other business commitments; Aiming for compliance with this code provision, the Company will continue to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way to enable all Directors to attend the general meetings as far as possible.

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

CHANGE OF COMPOSITION OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEE

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of composition of the Board and the Board Committee since the publication of the Company's annual report 2016/17 were as below:

With effect from 6 December 2017, Mr. Lu Linyu resigned as an executive Director of the Company.

Immediately after the AGM dated 7 December 2017, Mr. Yang Bo ("**Mr. Yang**") ceased to be independent non-executive Director of the Company, the chairman of the remuneration committee (the "**Remuneration Committee**"), a member of both the audit committee (the "**Audit Committee**") and the nomination committee of the Company (the "**Nomination Committee**").

With effect from 13 December 2017, Mr. Au-Yong Shong Samuel has been appointed as an executive Director of the Company; and Dr. Wong Kong Tin, *JP* ("**Dr. Wong**") has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee.

Summary of the Directors and their role and function are set out as follows:

Executive Directors:
Mr. Deng Zhonglin *(Chairman and Chief Executive Officer)*
Ms. Zhang Jun
Mr. Au-Yong Shong Samuel

Independent Non-executive Directors:
Mr. Choi Hung Fai
Mr. Tsang Wing Ki
Dr. Wong Kong Tin, *JP*

Directors \ Board Committees	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Deng Zhonglin	–	M	C
Ms. Zhang Jun	–	–	–
Mr. Au-Yong Shong Samuel	–	–	–
Mr. Choi Hung Fai	M	–	M
Mr. Tsang Wing Ki	C	M	–
Dr. Wong Kong Tin, *JP*	M	C	M

Notes:

C – Chairman of the relevant Board committee
M – Member of the relevant Board committee

NON-COMPLIANCE WITH RULES 3.10, 3.21 AND 3.25

- Pursuant to Rules 3.10 and 3.10A of the Listing Rules, the Board must include at least three independent non-executive Directors and it is required to appoint independent non-executive Directors representing at least one-third of the Board.

- Pursuant to Rule 3.21 of the Listing Rules, the Audit Committee must comprise a minimum of three members, the majority of which must be independent non-executive Directors.

- Pursuant to Rule 3.25 of the Listing Rules, the Remuneration Committee must be chaired by an independent non-executive Director and be comprised of a majority of independent non-executive Directors. Pursuant to code provision A.5.1 of the Code in Appendix 14 to the Listing Rules, the Nomination Committee must comprise a majority of independent non-executive Directors.

- Immediately after the AGM dated 7 December 2017, Mr. Yang was no longer an independent non-executive Director of the Company, he also ceased to the chairman of the Remuneration Committee, and a member of both the Audit Committee and the Nomination Committee. As a result, the Board comprised four members with two executive Directors and two independent non-executive Directors. Therefore, the number of independent non-executive Directors of the Board was less than three; the number of members of the Audit Committee was less than three; the Remuneration Committee did not comprise of a majority of independent non-executive Directors, the Company was not in compliance with Rule 3.25 of the Listing Rules; and the Nomination Committee did not comprise of a majority of independent nonexecutive Directors, the Company was not in compliance with code provision A.5.1 of the Code.

- Following the appointment of Dr. Wong to fill the vacant positions caused by Mr. Yang with effect from 13 December 2017, the Board had a total of three independent non-executive Directors, the number was also over one-third of the total number of Directors, which is in compliance with Rules 3.10(1) and 3.10A of the Listing Rules; the Audit Committee comprises three independent non-executive Directors, which is in compliance with Rule 3.21 of the Listing Rules; the Remuneration Committee comprises three Directors, a majority of whom are independent non-executive Directors and is chaired by an independent non-executive Director, which is in compliance with Rule 3.25 of the Listing Rules; and the Nomination Committee comprises three Directors, a majority of whom are independent non-executive Directors which is in compliance with code provision A.5.1 of the Corporate Governance Code in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code. All the Directors confirmed that they had fully complied with the required standard set out in the Model Code during the six months ended 31 December 2017.

AUDIT COMMITTEE

The primary duties of the Audit Committee of the Company are to review and supervise the financial reporting process and internal control procedures of the Company. The Audit Committee had reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters concerning the unaudited consolidated results of the Group for the six months ended 31 December 2017.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.megaexpoholdings.com) and the Stock Exchange (www.hkexnews.hk). The interim report for the six months ended 31 December 2017 of the Company will be despatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 23 February 2018

As at the date of this announcement, the Board comprises Mr. Deng Zhonglin, Ms. Zhang Jun and Mr. Au-Yong Shong Samuel as executive Directors; and Mr. Choi Hung Fai, Mr. Tsang Wing Ki and Dr. Wong Kong Tin, JP *as independent non-executive Directors.*