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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

The board (the “**Board**”) of directors (the “**Directors**”) of Mega Expo Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 31 December 2014 (“**Reporting Period**”) together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2014

		For the six months ended 31 December	
		2014	2013
	<i>Note</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
		(Unaudited)	(Unaudited)
Revenue	5	178,783	198,585
Other revenue		736	902
Other income	6	318	555
Advertising and promotion expenses		(13,790)	(10,596)
Agency commission		(2,920)	(2,808)
Exhibition rentals		(29,966)	(29,568)
Staff cost		(30,723)	(30,597)
Booth construction costs		(17,971)	(18,030)
Exhibition expenses		(10,681)	(7,929)
Exhibition co-operation expenses		–	(5,151)
Other operating expenses		(19,828)	(32,794)

		For the six months ended	
		31 December	
		2014	2013
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit before tax	6	53,958	62,569
Taxation	7	<u>(10,567)</u>	<u>(18,813)</u>
Profit for the period		43,391	43,756
Other comprehensive loss/(income) for the period, net of tax:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange difference on translation of foreign operations		<u>(8)</u>	<u>192</u>
Total comprehensive income for the period, net of tax		<u>43,383</u>	<u>43,948</u>
Profit/(loss) attributable to:			
Owners of the Company		43,391	43,778
Non-controlling interests		<u>–</u>	<u>(22)</u>
		<u>43,391</u>	<u>43,756</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		43,383	43,970
Non-controlling interests		<u>–</u>	<u>(22)</u>
		<u>43,383</u>	<u>43,948</u>
Earnings per share attributable to owners of the Company			
– Basic and diluted	9	<u>20.75 HK cents</u>	<u>26.50 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

		At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		<u>8,455</u>	<u>9,872</u>
Current assets			
Prepayments, deposits and other receivables	<i>10</i>	15,515	35,315
Amount due from ultimate holding company		22	22
Cash and cash equivalents		<u>185,267</u>	<u>135,070</u>
		<u>200,804</u>	<u>170,407</u>
Current liabilities			
Receipt in advance		38,068	108,811
Accruals and other payables	<i>11</i>	5,284	1,755
Amount due to a related company		373	373
Amount due to a director		–	5
Tax payable		<u>10,298</u>	<u>9,027</u>
		<u>54,023</u>	<u>119,971</u>
Net current assets		<u>146,781</u>	<u>50,436</u>
Total assets less current liabilities		<u><u>155,236</u></u>	<u><u>60,308</u></u>
Capital and reserves			
Share capital		2,400	2,000
Reserves		<u>152,836</u>	<u>58,308</u>
Total equity attributable to owners of the Company		<u><u>155,236</u></u>	<u><u>60,308</u></u>

Notes:

1. ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 21 August 2012 and is listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules of Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institution of Certified Public Accountants (“**HKICPA**”).

The 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 2014 as contained in the Company’s annual report 2013/2014 (the “**Annual Report**”).

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“**New HKFRSs**”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 July 2014.

The New HKFRSs adopted by the Group in the condensed consolidated financial statements are set out as follows:

HKAS 19 (2011) (Amendments)	Defined benefit plans: Employee Contribution
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKFRS 10, HKFRS 12 and HKFRS 27 (Amendments)	Investment Entities
HK(IFRIC) – Int 21	Levies

The application of the above New HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Amendments)	Disclosure Initiative ²
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ²
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ²
HKAS 27 (Amendments)	Equity Method in Separate Financial Statement ²
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ²
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception ²
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operation ²
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from contracts with customers ³

¹ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

² Effective for annual period beginning on or after 1 January 2016

³ Effective for annual period beginning on or after 1 January 2017

⁴ Effective for annual period beginning on or after 1 January 2018

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle includes a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted. Amendments to HKFRSs include:

- Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Change in methods of disposal*;
- Amendments to HKFRS 7 *Financial Instruments: Disclosure – Servicing contracts*;
Applicability of the amendments to HKFRS 7 to condensed interim financial statements;
- Amendments to HKAS 19 *Employee Benefits – Discount rate: regional market issue*; and
- HKAS 34 *Interim Financial Reporting – Disclosure of information “elsewhere in the interim financial report”*

4. SEGMENT INFORMATION

Information reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance focuses on types of services provided.

The Group is organised into three operating divisions: organisation of exhibition, exhibition-related services and ancillary services. These division are the basis on which the Group reports its segment information.

The three operating and reportable segments are as follows:

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

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

For the six months ended 31 December

	Organisation of exhibition		Exhibition-related services		Ancillary services		Total	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue								
Segment revenue	170,366	189,197	25,451	34,782	84	80	195,901	224,059
Inter-segment revenue	-	-	(17,118)	(25,474)	-	-	(17,118)	(25,474)
Revenue from external customers	170,366	189,197	8,333	9,308	84	80	178,783	198,585
Results								
Segment results	83,166	103,924	8,333	9,308	(108)	(119)	91,391	113,113
Unallocated income							1,007	1,370
Unallocated corporate expenses							(38,440)	(51,914)
Profit before tax							53,958	62,569
Taxation							(10,567)	(18,813)
Profit for the period							43,391	43,756

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

	Organisation of exhibition		Exhibition-related services		Ancillary services		Total	
	At 31 December 2014	At 30 June 2014	At 31 December 2014	At 30 June 2014	At 31 December 2014	At 30 June 2014	At 31 December 2014	At 30 June 2014
	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	6,817	23,582	-	-	-	-	6,817	23,582
Unallocated corporate assets							202,442	156,697
							<u>209,259</u>	<u>180,279</u>
Liabilities								
Segment liabilities	38,030	108,808	-	-	-	3	38,030	108,811
Unallocated corporate liabilities							15,993	11,160
							<u>54,023</u>	<u>119,971</u>

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

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

Other segment information

For the six months ended 31 December

	Organisation of exhibition		Exhibition-related services		Ancillary services		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Depreciation and amortisation	-	-	-	-	-	-	1,844	708	1,844	708
Capital expenditure	-	-	-	-	-	-	427	5,505	427	5,505
Impairment loss recognised in respect of prepayment	-	-	-	-	-	-	736	-	736	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>736</u>	<u>-</u>	<u>736</u>	<u>-</u>

5. REVENUE

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

	For the six months ended	
	31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Participation income	170,366	189,197
Additional facilities income	7,914	9,308
Sub-contracting and management fee income	419	–
Other ancillary service income	84	80
	<u>178,783</u>	<u>198,585</u>

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the six months ended	
	31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Staff costs:		
Employee benefit expenses (including Directors' remuneration):		
– Wages and salaries	29,906	29,811
– Retirement benefit schemes contributions	817	786
	<u>30,723</u>	<u>30,597</u>

	For the six months ended	
	31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other items:		
Depreciation of owned property, plant and equipment	1,844	708
Auditors' remuneration	683	514
Impairment loss recognised in respect of prepayment	736	–
Operating lease rentals in respect of land and building	<u>4,911</u>	<u>5,819</u>
And after crediting:		
Other income:		
Interest income	270	102
Exchange gain, net	<u>48</u>	<u>453</u>
	<u>318</u>	<u>555</u>

7. TAXATION

	For the six months ended	
	31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	10,567	18,769
Other than Hong Kong	<u>–</u>	<u>44</u>
	<u>10,567</u>	<u>18,813</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the six months ended 31 December 2014 and 2013.

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

8. DIVIDENDS

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 December 2014 (2013: 2.5 HK cents per share).

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

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the Reporting Period of approximately HK\$43,391,000 (2013: approximately HK\$43,778,000) and on the weighted average number of 209,130,434 ordinary shares (2013: 165,217,391 ordinary shares) in issue during the Reporting Period.

There was no dilutive potential ordinary shares in existence during the six months ended 31 December 2014 and 2013 respectively, therefore the diluted earnings per share is the same as the basic earnings per share.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
Prepayments	11,083	30,159
Deposits	4,366	5,128
Other receivables	66	28
	<u>15,515</u>	<u>35,315</u>

11. ACCRUALS AND OTHER PAYABLES

	At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
Other payables	46	38
Accruals	5,238	1,717
	<u>5,284</u>	<u>1,755</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

For the six months ended 31 December 2014, the Group recorded a total revenue of approximately HK\$178,783,000 (2013: approximately HK\$198,585,000), representing a decline of 10.0% for the corresponding period of last year. The lower turnover were due to the end of co-operation agreement of Asia Expo-Singapore and Fujian Commodities Expo-Singapore (“**Singapore Expo**”) and the keen competition from other exhibition organisers. For the six months ended 31 December 2014, revenue from organisation of exhibitions accounted for 95.3% (2013: 95.3%) of the total revenue, while revenue from provision of exhibition related services accounted for 4.7% (2013: 4.7%).

During the Reporting Period, profit before taxation was approximately HK\$53,958,000 (2013: approximately HK\$62,569,000), representing a decrease of 13.8% from the corresponding period of last year which was driven by the drop in sales turnover and increase in the advertising and promotion expenses and exhibition expenses.

REVIEW OF BUSINESS ACTIVITIES

During the six months ended 31 December 2014, the Group successfully staged three trade fairs, namely Home Appliances, Lighting & Electronics Exhibition (“**ALEEX**”) held during 14-17 October 2014 in Guangzhou, the People’s Republic of China (the “**PRC**”), Mega Show Part I held during 20 – 23 October 2014 and Mega Show Part II held during 27-29 October 2014 in Hong Kong.

Mega Show series continued to be the core business activity of the Group. Mega Show Part I held in October 2014 attracted approximately 3,400 exhibitors and approximately 40,000 buyers from more than 100 countries. Mega Show Part II, as a complimentary event to Mega Show Part I, attracted approximately 600 exhibitors and over 13,000 buyers from more than 100 countries.

Organisation of Exhibitions

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

During the six months ended 31 December 2014, revenue generated from the organisation of exhibitions accounted for approximately HK\$170,366,000 (2013: approximately HK\$189,197,000), representing a decrease of 10.0%, since the cooperation agreement of Singapore Expo ended in its last edition in 2013, of which the revenue generated from Singapore Expo 2013 was approximately HK\$8,531,000. In addition, uncertain world economic climate also led to a drop in the number of exhibitors and a decrease in our revenue comparing to the corresponding period of last year.

The Group started to manage the ALEEX in Guangzhou, the PRC since April 2014 and the second edition was held in October 2014. The number of exhibitors increased from 191 to 245. Since ALEEX is still a brand new exhibition, more resources in promotion and organisation are required for attracting exhibitors and buyers and building up the reputation of ALEEX.

In order to meet with the keen competition from other organisers, the Group has enhanced promotion and other exhibition related services for existing exhibitions which resulted in an increase in promotion cost and exhibition expenses from approximately HK\$10,596,000 and HK\$7,929,000 to approximately HK\$13,790,000 and HK\$10,681,000 respectively.

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 six months ended 31 December 2014, revenue generated from exhibition related service was approximately HK\$8,333,000 (2013: approximately HK\$9,308,000), representing a decrease of 10.5%. Since the revenue mainly represent the income from additional facilities provided to the exhibitors, it was affected by the cessation of Singapore Expo and the decrease in the number of exhibition booths sold.

FUTURE PLANS AND PROSPECT

Entering 2015, the Group is facing global macro-economic challenges which are beyond the control of the Group. The critical drop in the price of raw materials and commodities and the global fluctuation in exchange rates are posing uncertainties to consumer goods manufacturers in Asia, who are the main target group of customers of the Group.

Due to the high rental and labour costs, the Hong Kong-based manufacturing industry is also shrinking. This is evident from the declining number of exhibition booths originating from Hong Kong companies at Mega Show Part I and II. The general economic outlook of Hong Kong may also be affected due to the uncertain local political atmosphere and social unrest as reflected in the recently ended occupy Central movement at the end of 2014. The slower growth of the global economy in 2014 also adds uncertainty to the economic outlook of Hong Kong in 2015.

It is our main business goal to promote and facilitate trade between international buyers and manufacturers, particularly those from Asia, through the trade exhibitions managed or organised by the Group. To achieve our business goal, we plan to build on our competitive strengths to expand and improve our existing trade exhibitions, introduce new exhibitions and broaden our exhibition management expertise and exposure.

For the existing trade shows the Group intends to further improve the overall management and their attractiveness to existing and potential visitors. We also plan to introduce new themes to these existing exhibitions.

We also plan to utilise our experience and expertise, both from the Group's business operation track record and of our senior management, in the exhibition organisation industry and apply our business model to develop new exhibitions in other areas of the world. In particular, the Group will organise and manage a new exhibition which is to be held in Macao in July 2015, with exhibition theme on the product sector of diamond, gem and pearl. Apart from developing new exhibitions, the Group may from time to time explore opportunities to invest in, to acquire or to co-organise new exhibitions with potential growth. Feasibility studies will be carried out from time to time if the Group comes across any potential opportunities.

We will continue to explore opportunities to cooperate with other local organisers, industry associations or governmental organisations to participate in new exhibitions.

To broaden our future income stream and to capitalise on our vast database of international manufacturers, the Group sought to become sales agents of overseas exhibitions and we had already entered into five contracts during the Reporting Period.

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

INTERIM DIVIDENDS

The Board do not recommend the payment of interim dividend for the six months ended 31 December 2014 (2013: HK2.5 cents per share).

CAPITAL STRUCTURE

Shareholders' equity increased to approximately HK\$155,236,000 at 31 December 2014 from approximately HK\$60,308,000 as at 30 June 2014. The main reason for the change is the placing of ordinary shares of the Company completed in November 2014. As at 31 December 2014, the Group did not have any long term debts (at 30 June 2014: Nil).

Placing of new shares of the Company

On 12 November 2014, the Company entered into a placing agreement with Ping An Securities Limited ("**Placing Agent**"), pursuant to which the Placing Agent agreed to place, on a best effort basis, to not less than six places, up to 40,000,000 new shares of the Company ("**Placing Shares**") at a price of HK\$1.381 ("**Placing Price**") per Placing Share ("**Placing**").

The Placing was completed on 20 November 2014 and an aggregate of 40,000,000 Placing Shares, representing approximately 16.67% of the enlarged total issued share capital of the Company, have been allotted and issued by the Company under the general mandate, which was granted to the Directors to allot and issue 40,000,000 new shares of the Company pursuant to a resolution passed by the then sole Shareholder of the Company on 18 October 2013, to not less than six places at the Placing Price of HK\$1.381 per Placing Share.

As disclosed in the announcement of the Company dated 20 November 2014, 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\$51 million are intended to be used for general working capital of the Group.

MATERIAL ACQUISITION AND DISPOSAL

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group has a total assets of approximately HK\$209,259,000 (30 June 2014: approximately HK\$180,279,000) which was financed by current liabilities of approximately HK\$54,023,000 (30 June 2014: approximately HK\$119,971,000) and shareholders' equity of approximately HK\$155,236,000 (30 June 2014: approximately HK\$60,308,000).

As at 31 December 2014, the Group's current ratio was 3.72 (30 June 2014: 1.42); and since the Group did not have any debts, no gearing ratio was presented.

The cash and cash equivalent of the Group as at 31 December 2014 was mainly denominated in Hong Kong dollars, United States dollars ("USD"), Euro and Renminbi ("RMB").

As at 31 December 2014, the Group did not pledge any of its assets and had no material capital commitment and contingent liabilities. The Group did not have any charges on assets as at 31 December 2014.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2014, the Group has 126 full-time employees in Hong Kong and the PRC. The remuneration payable to our employees includes salaries, discretionary bonus and commission. Remuneration package are generally structured according to market situations and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provided medical benefits.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

During the period from the date of listing (i.e. 6 November 2013) (the “**Listing Date**”), to 31 December 2014, the net proceeds from the listing had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as shown in the prospectus of the Company dated 25 October 2013 from the Listing Date to 31 December 2014 <i>HK\$'000</i>	Actual use of proceeds from the Listing Date to 31 December 2014 <i>HK\$'000</i>
To organise or develop new exhibitions or for consideration of potential acquisition opportunities or for cooperation with other players in the exhibition industry in Hong Kong and overseas	17.5	14.9
To expand existing exhibitions organised by the Group, by increase of our marketing	8.8	6.8
General working capital and other corporate purpose of the Group	2.9	2.9
	<u>29.2</u>	<u>24.6</u>

The Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group. Announcement will be made regarding any adjustment of the use of the proceeds if and when appropriate.

All the unutilised balance of the net proceeds from the listing have been placed in licensed banks in Hong Kong.

EVENT AFTER REPORTING PERIOD

The Group does not have any material subsequent event after the Reporting Period.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the six months ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

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

Under the code provision A.2.1 of the Listing Rules, the roles of chairman and chief executive officer ("CEO") of the Group should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Group should be clearly established and set out in writing. The roles of the chairman and the CEO of the Group was not separated and was performed by the same individual, Mr. Lee Chi Sang who acted as both the chairman and CEO throughout the Reporting Period. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

During the Reporting Period and following the resignation of Mr. Yeung Wai Keung (“**Mr. Yeung**”), a then independent non-executive Director (“**INED**”), on 4 July 2014, the Company has only two INEDs and two members for each of the audit committee of the Board (“**Audit Committee**”) and the nomination committee of the Board (“**Nomination Committee**”), and does not meet the requirement under Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules and the requirement under code provision A.5.1 of the CG Code respectively (collectively, the “**Relevant Provisions**”). The Company has taken remedial steps by actively identifying an appropriate candidate to fill such vacancy following Mr. Yeung’s resignation. Subsequently, Mr. Law Sung Ching, Gavin was appointed as an INED, member of the Nomination Committee and the Audit Committee on 12 September 2014, and the Company has fulfilled the Relevant Provisions.

Following the resignation of Mr. Leung Hung Kee, a then INED, with effect from 11 November 2014, (i) the number of the INEDs has fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules; (ii) the Board does not have at least one of its INEDs possessing appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; (iii) there is a vacancy for chairman of the Audit Committee, the number of members of the Audit Committee has fallen below the minimum number, and no INED who possesses appropriate qualifications or expertise has been appointed as a member of the Audit Committee as required under Rule 3.21 of the Listing Rules; and (iv) the remuneration committee of the Board (“**Remuneration Committee**”) to comprise a majority of INEDs cannot be met, which do not fulfil the requirement under Rule 3.25 of the Listing Rules.

Following the appointment of Mr. Yeung Chun Yue, David with effect from 2 December 2014 as an INED, chairman of the Audit Committee and a member of the Remuneration Committee, the Company has fulfilled the requirements of Rule 3.10, Rule 3.10A, Rule 3.21 and Rule 3.25 of 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**”) as set out in Appendix 10 of the Listing Rules.

All Directors have confirmed, following specific enquiry of all Directors, that they have fully complied with the required standards set out in the Model Code throughout the six months ended 31 December 2014.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting standards and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including review of the unaudited condensed consolidated financial statements for the six months ended 31 December 2014.

The Audit Committee has reviewed the unaudited interim financial results for the six months ended 31 December 2014 with no disagreement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.mega-expo.com) and the Stock Exchange (www.hkexnews.hk). The 2014/2015 interim report 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
Lee Chi Sang
Chairman

Hong Kong, 17 February 2015

As at the date of this announcement, the Board comprises Mr. Lee Chi Sang and Mr. Si Tze Fung as Executive Directors and Mr. Chu Kwok Man, Mr. Law Sung Ching, Gavin and Mr. Yeung Chun Yue, David as Independent Non-executive Directors.