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

**(I) MAJOR TRANSACTION  
PROPOSED ACQUISITION OF  
THE ENTIRE SHARE CAPITAL OF  
THE TARGET COMPANY  
INVOLVING ISSUE OF CONVERTIBLE NOTES  
AND  
(II) PROPOSED PLACING OF SHARES  
UNDER SPECIFIC MANDATE**

**Placing Agent**

** KINGSTON SECURITIES**

**ACQUISITION**

The Board is pleased to announce that on 24 November 2017 (after trading hours), the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell, subject to the conditions precedent as set out below in the paragraph headed “Acquisition conditions precedent”, the Sale Shares at the Consideration of HK\$268 million (subject to adjustment), of which HK\$168 million shall be settled by the issue of 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 Conversion Shares based on the Conversion Price of HK\$1.83 per Conversion Share. The Conversion Price of HK\$1.83 per Conversion Share represents: (a) a premium of approximately 1.10% to the closing price of HK\$1.81 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement; (b) approximately the same as the average closing price of approximately HK\$1.83 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; (c) a discount of approximately 2.14% to the average closing price of approximately HK\$1.87 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and (d) a premium of approximately 1,730% over the audited net asset value of approximately HK\$0.10 per Share as at 30 June 2017 (based on the consolidated net assets of the Group of approximately HK\$142 million as at 30 June 2017 and 1,376,900,000 Shares in issue as at the date of this announcement.

Assuming the CNs in the principal amount of HK\$168 million are fully converted at the initial Conversion Price of HK\$1.83, 91,803,278 new Shares will be allotted and issued by the Company under the CN Specific Mandate.

A maximum of 91,803,278 Conversion Shares represent:

- (a) approximately 6.67% of the existing issued share capital of the Company as at the date of the announcement; and
- (b) approximately 6.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Upon Acquisition Completion, the Target Company will become a wholly-owned subsidiary of the Company. Accordingly, the financial results of the Target Company will be consolidated into the financial statements of the Company.

## **PROPOSED PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

On 24 November 2017 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement, 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 Places to subscribe for, subject to the conditions precedent as set out below in the paragraph headed "Placing conditions precedent", up to 68,600,000 Placing Shares at the Placing Price of HK\$1.5 per Placing Share, on a best effort basis, pursuant to the terms and conditions set out in the Placing Agreement.

The Placing Price of HK\$1.5 per Placing Share represents: (a) a discount of approximately 17.13% to HK\$1.81, the closing price of the Shares on the Stock Exchange on the date of the Placing Agreement; (b) a discount of approximately 18.03% to HK\$1.83, being the average closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement; (c) a discount of approximately 19.79% to HK\$1.87, being the average closing price of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of this announcement; and (d) a premium of approximately 1,400% over the net asset value of approximately HK\$0.10 per Share as at 30 June 2017 (based on the consolidated net assets of the Group of approximately HK\$142 million as at 30 June 2017 and 1,376,900,000 Shares in issue as at the date of this announcement).

Acquisition Completion and Placing Completion are inter-conditional.

The 68,600,000 Placing Shares represent:

- (a) approximately 4.98% of the existing issued share capital of the Company as at the date of this announcement;
- (b) approximately 4.75% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares; and
- (c) approximately 4.46% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$103 million. The maximum net proceeds from the Placing will amount to approximately HK\$100 million, resulting in the estimated net price of approximately HK\$1.46 for each Placing Share.

## **LISTING RULES IMPLICATIONS**

### **Major transaction**

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As such, the Acquisition is subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **The Specific Mandate**

The Company will seek the Shareholders' approval at the EGM for the grant of the CN Specific Mandate and the Placing Specific Mandate to allot and issue the Conversion Shares and Placing Shares, respectively. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares and the Placing Shares.

## **GENERAL**

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the grant of the CN Specific Mandate for the issuance of the Conversion Shares; and (iv) the grant of the Placing Specific Mandate for the issuance of the Placing Shares.

A circular containing, among others, further details of (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the CN Specific Mandate and the Placing Specific Mandate; and (iv) a notice convening the EGM will be despatched to the Shareholders on or before 15 December 2017 in accordance with the Listing Rules.

**Shareholders and potential investors of the Company should note that each of Acquisition Completion and Placing Completion is subject to the fulfilment (or, as the case may be, waiver) of the conditions precedent under the Sale and Purchase Agreement and the Placing Agreement, respectively. The Acquisition and the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.**

## **THE PROPOSED ACQUISITION AND THE PLACING**

On 24 November 2017 (after trading hours),

- (i) the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell the Sale Shares at the Consideration of HK\$268 million (subject to adjustment);

- (ii) the Company and the Placing Agent entered into the Placing Agreement, 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 subscribers to subscribe for up to 68,600,000 Placing Shares at the Placing Price of HK\$1.5 per Placing Share on a best effort basis; and
- (iii) Acquisition Completion and Placing Completion are inter-conditional.

## **THE PROPOSED ACQUISITION**

The Board is pleased to announce that on 24 November 2017 (after trading hours), the Vendor and the Company entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell to the Company, and the Company has agreed to purchase from the Vendor, the Sale Shares at the Consideration of HK\$268 million, which shall be settled by the issue of the CNs and the payment of cash.

Major terms of the Sale and Purchase Agreement are set out below.

**Date:** 24 November 2017 (after trading hours)

**Parties:** (i) the Company; and  
(ii) the Vendor

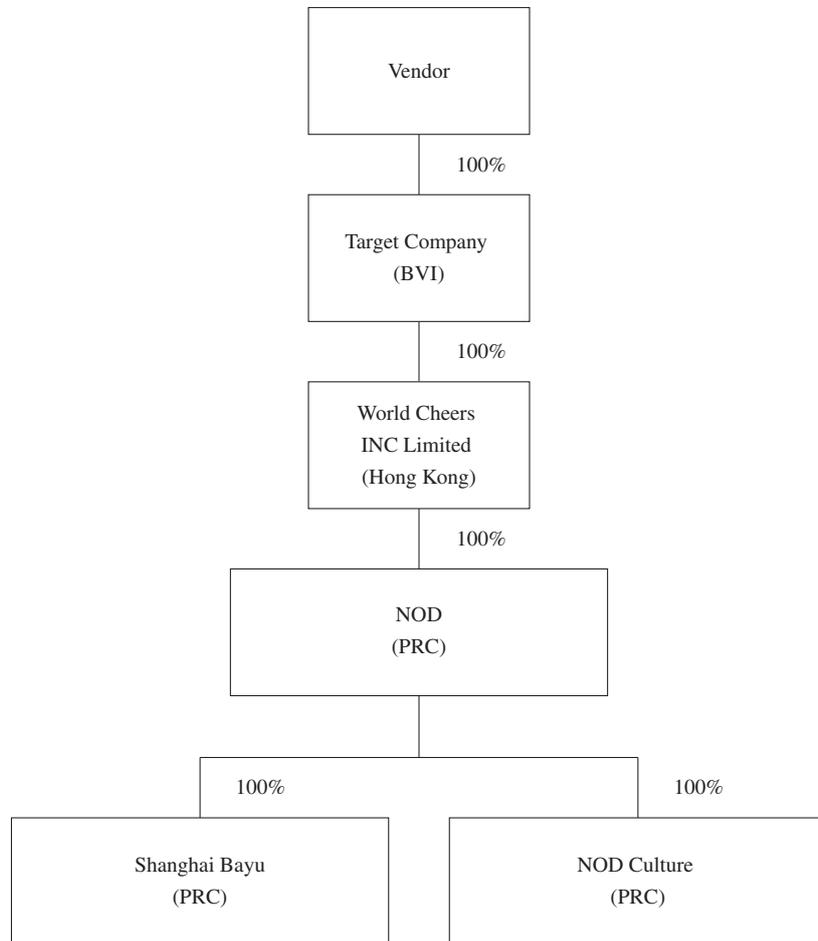
Mr. Liu, the Vendor, is a merchant as well as the president and founder of the Target Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **Assets to be acquired:**

Subject to fulfilment of the conditions precedent as set out below in the paragraph headed "Acquisition conditions precedent" and the terms and conditions of the Sale and Purchase Agreement, the Vendor shall sell as legal and beneficial owner the Sale Shares free from any encumbrances, equities, claims and adverse interests whatsoever, and together with all rights now and hereafter attaching or accruing to them (including the right to receive all dividends and distributions declared, made or paid in respect of the Sale Shares on or after the date of the Sale and Purchase Agreement) and the Company, relying on the warranties given by the Vendor under the Sale and Purchase Agreement, shall purchase (or procure such subsidiary as it may designate to purchase) the Sale Shares on Acquisition Completion at the Consideration of HK\$268 million (subject to adjustment).

### ***Corporate structure of the Target Group***

The corporate structure of the Target Group is shown in the simplified chart below:



### ***Information of the Target Group***

The Target Company is an investment holding company incorporated in the BVI with limited liability which is wholly-owned by the Vendor.

NOD, the main operating subsidiary of the Target Company, is a company established in the PRC with limited liability and is, together with its subsidiaries, principally engaged in bar and club membership, wine and liquor promoting and event organising business of providing professional, precise and comprehensive services to the entertainment industry in the PRC, and owns an extensive and complete product chain in the entertainment industry in the PRC by providing a range of products and services encompassing beverage promotion, lighting and sounds, decorations, business training, consultations, procurement and supply management, brand management and chain operation management.

Under the brand of NOD Union (諾笛聯盟), the Target Group has developed a well-established client network across the PRC with over 1,500 members of nightclubs, bars and lounges in the entertainment industry for its comprehensive business consulting and event planning services. In order to provide comprehensive consulting and event planning services to the members under NOD Union, the Target Group has also built up strong partnership with specialists in different fields of entertainment industry, such as alcoholic beverage suppliers, brand consultants, hardware support and interior design experts.

Since 2016, the Target Group has established business relationship with two top multinational alcoholic beverage suppliers which possess certain finest and luxurious brands of wine, whisky and champagne across the globe. Under the leadership of the management of the Target Group with extensive industrial knowledge and business network in the entertainment industry of the PRC, NOD has completed the planning and execution of more than 300 product promotion events in the PRC for the aforementioned two alcoholic beverage suppliers in 2016. In the third quarter of 2017, the client portfolio of the Target Group has expanded to the industry of property development. The Target Group has also started to provide comprehensive brand management and entertainment business consulting services to a national real estate developer which is a member of Top 500 in the world with around 500 real estate projects in over 180 cities of the PRC.

Currently, NOD, as the operating company of the Target Group, holds a council member position in 中國文化娛樂行業協會 (transliterated as China Culture & Entertainment Industry Association). It is a national-level organization in the culture and entertainment field approved by the Ministry of Civil Affairs and supervised by the Ministry of Culture. It was founded by some prominent Chinese enterprises in real estate, internet, cultural and entertainment industries, such as one of the largest real estate developers in the PRC with extensive chained theatre networks and one of the largest internet companies in the PRC which is listed on the Stock Exchange.

### ***Information on the management***

#### *Mr. Fan Zhibiao (范志彪) (“Mr. Fan”)*

Mr. Fan is currently the chief executive officer of NOD, who is a seasoned professional executive in brand management and business development in entertainment industry of the PRC. He used to hold different senior management positions in various notable entertainment corporations. Mr. Fan was awarded as one of the most influential industrial leaders in the entertainment industry in 2016 jointly by 品牌聯盟(北京)諮詢股份有限公司 (transliterated as Brand Union (Beijing) Consulting Co., Ltd.) and 中國會展經濟研究會 (transliterated as China Convention Society).

#### *Mr. Xu Feng (許楓) (“Mr. Xu”)*

Mr. Xu is currently the chief operating officer of NOD, who is both a seasoned professional executive in brand management and business development and a well-known artist in the entertainment industry in the PRC. Mr. Xu was a member of a well-known boy band, being 中國力量 (transliterated as China Power) and therefore developed a well-established network among both the entertainment industry and artist agencies in the PRC. Being an artist, Mr. Xu was also able to expose himself in the brand management and consulting business in the entertainment industry. Prior joining NOD, Mr. Xu also held senior management position in a notable entertainment group in the PRC. Mr. Xu was invited as the speaker for many regional summits of the entertainment industry and the summit of the above-mentioned national real estate developer to share his insights of the entertainment industry and management philosophies. He also attended interviews with several entertainment and fashion magazines as to share his professional working experience in the entertainment industry and management philosophies.

The Vendor undertook to the Company to procure each of the key management staffs of the Target Group as determined by the Company to enter into the service contracts with the relevant Target Group Company in the manner and upon the terms and conditions to the absolute satisfaction of the Company.

### ***Financial information of the Target Group***

The financial information, which is extracted from the unaudited consolidated financial statements of the Target Group for the period from 3 October 2014 (the date of incorporation of the Target Company) to 31 December 2015, the year ended 31 December 2016 and the nine months ended 30 September 2016 and 2017, respectively, is set out as below:

	<b>For the period from 3 October 2014 (the date of incorporation of the Target Company) to 31 December 2015 (Unaudited) <i>HK\$ million</i></b>	<b>For the year ended 31 December 2016 (Unaudited) <i>HK\$ million</i></b>	<b>For the nine months ended 30 September 2016 (Unaudited) <i>HK\$ million</i></b>	<b>For the nine months ended 30 September 2017 (Unaudited) <i>HK\$ million</i></b>
Revenue	21	74	53	57
Profit before tax	7	20	14	29
Profit after tax	5	15	11	21

Based on the unaudited consolidated financial statement of the Target Group, the net assets of the Target Group was approximately HK\$42 million as at 30 September 2017. Upon Acquisition Completion, the Target Company will become a wholly-owned subsidiary of the Company. Accordingly, the financial results of the Target Company will be consolidated into the financial statements of the Company.

Having considered (a) the proven financial track records and seasoned management team of the Target Group; (b) the well-established client bases of the Target Group; and (c) the extensive network and resources of the Target Group in the entertainment industry of the PRC, the Directors (including the independent non-executive Directors) are of the view that the Target Group will achieve a sustainable business growth in the forthcoming years.

## **Consideration and payment terms**

The Consideration in the amount of HK\$268 million shall be satisfied in the following manner upon Acquisition Completion:

- (i) HK\$168 million shall be settled by the issue of the CNs; and
- (ii) HK\$100 million shall be settled in cash by the net proceeds to be raised from the Placing.

The CNs certificates shall be held in escrow by the Company upon Acquisition Completion and shall be released and delivered to the Vendor in the manner as set out below in the paragraph headed “Profit guarantees”.

The Consideration was determined after arm’s length negotiations between the Company and the Vendor, taking into account of, among other things, (i) the market value of the entire equity interest in the Target Group of approximately HK\$330 million as at 30 September 2017 according to a preliminary valuation under market approach issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer; (ii) the profit guarantees to be provided by the Vendor as set out below in the paragraph headed “Profit guarantees” below; (iii) the competitive strengths of the Target Group, particularly its proven track records and seasoned management team in the field of brand management for entertainment industry which creates synergy to the Group’s expanding brand management services business; and (iv) the unpaid subscribed registered capital of NOD in the amount of US\$1,500,000.

In light of the above, the Directors (including the independent non-executive Directors) consider that the Consideration pursuant to the Sale and Purchase Agreement is on normal commercial terms, which is fair and reasonable and in the interests of the Company and Shareholders as a whole.

### ***Profit guarantees***

Pursuant to the Sale and Purchase Agreement, the Vendor irrevocably warrants, guarantees and undertakes that the consolidated net profit (after taxation and excluding any profit (loss) deriving from activities not within the ordinary and usual course of business) (the “**Net Profit**”) of the Target Group shall not be less than the guaranteed Net Profit (the “**Guaranteed Profit**”) for each of the relevant periods as set out in the following table:

<b>Profit guarantee periods</b>	<b>Guaranteed Profit</b>
For the year ending 31 December 2018	HK\$27 million
For the two years ending 31 December 2019	HK\$73 million
For the three years ending 31 December 2020	HK\$133 million

The First CNs Certificates shall be released and delivered to the Vendor within 14 Business Days after the issue of the consolidated audited accounts of the Target Group for the year ending 31 December 2018 if, and only if, the Net Profit of the Target Group for the year ending 31 December 2018 is not less than the relevant Guaranteed Profit for the corresponding period as set out in the above table.

The First CNs Certificate (if not previously released and delivered) and the Second CNs Certificates shall be released and delivered to the Vendor within 14 Business Days after the issue of the consolidated audited accounts of the Target Group for the year ending 31 December 2019 if, and only if, the Net Profit of the Target Group for the two years ending 31 December 2019 is not less than the relevant Guaranteed Profit for the corresponding period as set out in the above table.

All CNs certificates (if not previously released and delivered) shall be released and delivered to the Vendor within 14 Business Days after the issue of the consolidated audited accounts of the Target Group for the year ending 31 December 2020 if, and only if, the Net Profit for the three years ending 31 December 2020 is not less than the relevant Guaranteed Profit for the corresponding period as set out in the above table.

In the event that the actual Net Profit of the Target Group for the three years ending 31 December 2020 (the “**Actual Profit**”) shall, in aggregate, be less than the relevant Guaranteed Profit for the corresponding period as set out in the above table:

- (a) the Consideration shall be adjusted downward by a sum determined in accordance with the following formula:

$$X = (B - C) \times 3$$

where X is the amount of the relevant downward adjustment of the Consideration, provided that if such adjustment exceeds the Consideration, then it shall be equal to the Consideration;

B is the Guaranteed Profit of HK\$133 million for the three years ending 31 December 2020; and

C is the Actual Profit.

- (b) Such downward adjustment of the Consideration shall be effected (at the sole and absolute discretion of the Company) by: (i) reducing the principal amount of the CNs whose certificate(s) remain(s) to be held by the Company in escrow and not having been released to the Vendor as described above; and/or (ii) reimbursement and compensation by the Vendor to the Company in cash, as the case may be.

The Vendor and the Company agreed that in the event that the Actual Profit exceeds HK\$133 million, no adjustment shall be made to the Consideration.

### **Information of the CNs**

Set out below are the principal terms of the CNs:

Issuer: the Company

Aggregate principal amount: HK\$168 million

- Authorised denomination: HK\$10 million each and integral multiples of HK\$1 million in excess thereof
- Maturity date: the date falling the expiry of four (4) years from the date of issue of the CNs
- Interest rate: the CNs shall bear zero interest
- Conversion price: the initial price at which each Share shall be issued upon conversion shall be HK\$1.83 subject to adjustment. The initial conversion price of HK\$1.83 represents:
- (a) a premium of approximately 1.10% to the closing price of HK\$1.81 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
  - (b) approximately the same as the average closing price of approximately HK\$1.83 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;
  - (c) a discount of approximately 2.14% to the average closing price of approximately HK\$1.87 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
  - (d) a premium of approximately 1,730% over the audited net asset value of approximately HK\$0.10 per Share as at 30 June 2017 (based on the consolidated net assets of the Group of approximately HK\$142 million as at 30 June 2017 and 1,376,900,000 Shares in issue as at the date of this announcement).

Assuming that the CNs are fully converted into Conversion Shares at the initial conversion price of HK\$1.83, up to a total of 91,803,278 Conversion Shares will be issued, which represent approximately 6.67% of the issued share capital of the Company as at the date of this announcement and approximately 6.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The aggregate nominal value of the Conversion Shares is approximately HK\$183,606.56.

Conversion right:

Subject to the conversion prerequisites (as detailed below) and other terms and conditions of the CN, the conversion rights may be exercised on any Business Day from the date of issue of the CNs to the maturity date by the holder of the CNs to convert the whole or part of the principal amount of the CNs into Conversion Shares.

No fraction of a Conversion Share will be issued but an equivalent cash payment in HK\$ will be made to the holder of the CNs which proposes to exercise all or any part of its conversion rights in respect of such fraction.

All the outstanding principal amount of the CNs shall be mandatorily converted into such number of Conversion Shares as per the terms and conditions of the CNs.

Conversion prerequisites:

The CNs holder shall not be entitled to exercise the conversion rights unless in compliance with all the following conditions:

*(i) CNs holder confirmation*

No conversion rights may be exercised by the CNs holder unless prior written confirmation has been given by the CNs holder to the Company that (1) no obligation to make a mandatory offer under Rule 26 of Takeovers Code will be triggered on the conversion date after taking into account all the Shares (including the Conversion Shares issued or to be issued) held by the CNs holder, its associates (as defined in the Listing Rules) and persons acting in concert (as defined in the Takeovers Code) with it; or (2) a whitewash waiver in respect of such conversion is, upon application by the CNs holder, granted by the Executive (as defined in the Takeovers Code) and approved by the Shareholders in accordance with the Takeovers Code; or (3) such CNs holder has sufficient financial resources to make a general offer pursuant to Rule 26 of the Takeovers Code.

*(ii) Conversion amount*

Any conversion shall be made in amounts of not less than a whole multiple of HK\$10 million on each conversion unless the principal amount of the outstanding CNs is less than HK\$10 million in which case the whole (but not part only) of such outstanding principal amount of the CNs shall be converted.

*(iii) Sufficient public float*

No conversion rights may be exercised by the CNs holder unless immediately after exercise of such conversion rights, the Company will be able to comply with the public float requirements under the Listing Rules.

*(iv) Takeovers code implication*

No conversion rights may be exercised by the CNs holder unless the CNs holder provides, to the reasonable satisfaction of the Company, evidence that (1) such CNs holder and persons acting in concert with it (as defined in the Takeovers Code) will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code immediately upon conversion; or (2) a whitewash waiver in respect of such conversion is, upon application by the CNs holder, granted by the Executive (as defined in the Takeovers Code) and approved by the Shareholders in accordance with the Takeovers Code; or (3) such CNs holder has sufficient financial resources to make a general offer pursuant to Rule 26 of the Takeovers Code.

Anti-dilution adjustments: The Conversion Price shall from time to time be adjusted upon the occurrence of certain events including, but not limited to, the following:

- (i) consolidation or sub-division of Shares;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution or grant of rights to the Shareholders to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) offer to the Shareholders new Shares for subscription by way of rights, or grant to the Shareholders of options or warrants to subscribe for new Shares, at a price which is less than 80% of market price;
- (v) issues of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, where the total effective consideration per Share initially receivable for such securities is less than 80% of market price, or the modifications of the conversion, exchange or subscription rights attached to such securities so that the total effective consideration per Share initially receivable for such securities is less than 80% of market price;
- (vi) issue of Shares for cash at a price which is less than 80% of market price; and
- (vii) issue of Shares for the acquisition of asset at a total effective consideration per Share which is less than 80% of the market price.

Redemption:

- (a) The CNs may be redeemed in amounts of at least HK\$10 million and integral multiples of HK\$1 million in excess thereof (“**Redemption Amount**”) at the option of the Company on any Business Day prior to the maturity date by giving not less than seven (7) Business Days’ prior written notice to the CNs holder (“**Redemption Notice**”). A Redemption Notice shall be irrevocable once given by the Company to the CNs holder.
- (b) The payment to be made by the Company to the CNs holder for redemption of the CNs (“**Redemption Payment**”) together with any outstanding interest accrued thereon shall be calculated on the following basis:

Redemption Payment = Redemption Amount + Interest at the rate equal to the Hong Kong Interbank Offered Rate for six months quoted at 5 p.m. on each of the first Business Day prior to 1 January and 1 July of each year at the website of the Hong Kong Association of Banks plus two percent. per annum (2% p.a.) to be applied as prevailing rate for the six (6) months after each of such rate fixing date on the Redemption Amount accruing on a daily basis from the date of issue of the CNs up to and including the date of redemption

Ranking:

The Conversion Shares shall rank pari passu in all respects amongst themselves and with all other Shares.

Transferability:

The CNs may be assigned or transferred subject to compliance with all the following conditions:

- (i) Notification to Company:
  - (a) the CNs holder shall give a written notification to the Company at least three Business Days prior to each proposed assignment or transfer; and
  - (b) the CNs holder undertakes to give a written notification to the Company at least three Business Days prior to each proposed assignment or transfer informing the Company the identity of the proposed assignee or transferee;
- (ii) the principal amount to be transferred or assigned must be at least HK\$10 million and integral multiples of HK\$1 million in excess thereof.

Maturity:

- (i) On the maturity date, the total outstanding principal amount of the CNs shall be mandatorily and automatically converted into Conversion Shares as if the conversion right is exercised to the extent that no obligation to make a mandatory offer under Rule 26 of the Takeovers Code will be triggered.
- (ii) The outstanding amount of the CNs being converted into Conversion Shares shall be so converted against surrender of the CNs Certificate for cancellation.
- (iii) The conversion at maturity shall be a good and absolute discharge of the Company's obligations under the CNs.

- (iv) Despite the provision for mandatory conversion of the CNs above, the CNs holder shall be entitled to request the Company in writing, at least twenty (20) Business Days prior to the maturity date, to redeem the outstanding amount of the CNs upon its maturity subject to the approval of the Board which shall decide in its sole and absolute discretion for such redemption.

Application for listing: No application will be made for a listing of the CNs on any stock or securities exchange. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Voting rights: The CNs holder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the CNs holder.

#### **Acquisition conditions precedent**

Acquisition Completion shall be subject to and conditional upon the satisfaction in full or (at the sole and absolute discretion of the Company) the waiver of the following conditions:–

- (a) the Placing shall have completed;
- (b) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject only to conditions to which neither the Vendor nor the Company may reasonably object) or agree to grant listing of and permission to deal in the Conversion Shares;
- (c) the Shareholders (other than those who are abstained from voting under the Listing Rules, where applicable) shall have approved the Sale and Purchase Agreement and all transactions contemplated thereunder at the general meeting of the Company in accordance with the Listing Rules;

- (d) all other applicable laws, rules and regulations including but not limiting to the Listing Rules and/or the Takeover Codes contemplated under the Sale and Purchase Agreement shall have been complied with by the Company;
- (e) the Board shall have approved the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (f) the board of the directors of the Target Company shall have approved the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (g) all requisite consents from the proper government and regulatory authority(ies) of all relevant jurisdictions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder shall have been obtained;
- (h) the Company shall have been satisfied with the results the Due Diligence Review;
- (i) the legal opinions from the legal advisers of the PRC and/or any other relevant jurisdictions acceptable to the Company (all in forms and contents satisfactory to the Company in its absolute discretion) shall have been delivered to the Company;
- (j) the valuation report in such form and substance acceptable to the Company shall have been delivered to the Company to its absolute satisfaction;
- (k) all outstanding loans and/or liabilities due and owing by the Vendor Group to any member of the Target Group shall have been fully settled;
- (l) it has not come to the attention of the Company that the warranties by the Vendor under the Sale and Purchase Agreement being inaccurate and incorrect on the date of the Sale and Purchase Agreement and on each date on which they are deemed repeated, and as if made on, the Acquisition Completion Date; and
- (m) it has not come to the attention of the Company that any material adverse changes or effect has occurred prior to the Acquisition Completion Date or are likely to occur whether before the Acquisition Completion Date.

The Company and the Vendor acknowledge and agree that the above conditions precedent shall be deemed not to have been fulfilled upon occurrence of the following:

- (a) in case of the above condition (h), the Company notifying the Vendor at any time prior to Acquisition Completion that it is not satisfied with the results of the Due Diligence Review whether or not any explanations or reasons have been given and/or stated in such notification;
- (b) in case of the above condition (l), the Company notifying the Vendor at any time prior to Acquisition Completion that the Company has knowledge of some facts which will constitute or are likely to constitute the warranties given by the Vendor as set out in the Sale and Purchase Agreement being inaccurate and incorrect in any respect;
- (c) in case of the above condition (m), the Company notifying the Vendor at any time prior to Acquisition Completion that the Company has knowledge of some facts which will constitute or are likely to constitute material adverse changes or effect as referred to in above condition (m), whether or not any explanations or reasons have been given and/or stated in such notification.

The Vendor and the Company may by agreement waive in whole or in part any of the above conditions precedent (except the above conditions precedent (a) to (g) and (k)). In the event that any of the above conditions precedent are deemed not to have been fulfilled or are not fulfilled, in each case, at or before 1:00 p.m. on the Acquisition Long Stop Date or such later date as the Vendor and the Company may from time to time agree in writing, the Sale and Purchase Agreement and everything contained in it shall terminate and be null and void and of no further effect and no party to the Sale and Purchase Agreement shall have any liability to any other party, save in respect of any prior breaches of the Sale and Purchase Agreement.

Each of the Vendor and the Company shall use his or its best endeavours to ensure that the above conditions precedent shall be fulfilled by the Acquisition Long Stop Date.

## **Acquisition Completion**

Pursuant to the Sale and Purchase Agreement and subject to fulfilment of the above conditions precedents, Acquisition Completion shall take place at the office of the Company on the Acquisition Completion Date, or at such other place and time as shall be mutually agreed in writing by the Company and the Vendor, when all (but not part of) the relevant formalities of Acquisition Completion stipulated in the Sale and Purchase Agreement shall take place.

## **THE PLACING**

On 24 November 2017 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to appoint the Placing Agent as the placing agent to place and the Placing Agent has agreed to procure Placees to subscribe for up to 68,600,000 Placing Shares at the Placing Price of HK\$1.5 per Placing Share, on a best effort basis, pursuant to the terms and conditions set out in the Placing Agreement.

Major terms of the Placing Agreement are set out below.

**Date:** 24 November 2017 (after trading hours)

**Parties:** (i) the Company; and  
(ii) the Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are the Independent Third Parties.

## **Placees**

It is currently expected that there shall be not less than six Placees. Such Placees and their respective ultimate beneficial owners shall be Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder of the Company immediately upon Placing Completion.

## **Placing Shares**

The Placing Agent has conditionally agreed to place, on a best effort basis, a total of up to 68,600,000 Placing Shares to not less than six Placees at the Placing Price.

The 68,600,000 Placing Shares represent (i) approximately 4.98% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 4.75% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares; and (iii) approximately 4.46% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Conversion Shares. The aggregate nominal value of the Placing Shares is HK\$137,200.

The Placing Shares will be issued under the Placing Specific Mandate to be approved by the Shareholders at the EGM. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves, and with the existing Shares in issue.

## **Placing Price**

The Placing Price of HK\$1.5 per Placing Share represents:

- (a) a discount of approximately 17.13% to HK\$1.81, the closing price of the Shares on the Stock Exchange on the date of the Placing Agreement;
- (b) a discount of approximately 18.03% to HK\$1.83, being the average closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement;
- (c) a discount of approximately 19.79% to HK\$1.87, being the average closing price of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of this announcement; and
- (d) a premium of approximately 1,400% over the net asset value of approximately HK\$0.10 per Share as at 30 June 2017 (based on the consolidated net assets of the Group of approximately HK\$142 million as at 30 June 2017 and 1,376,900,000 Shares in issue as at the date of this announcement).

The gross and net proceeds from the Placing are approximately HK\$103 million and approximately HK\$100 million, respectively. The estimated net price for each Placing Share is approximately HK\$1.46. The Placing Price has been determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market price of the Shares and the current market conditions.

The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Placing Commission**

The Placing Agent will receive a placing commission of 2.5% of the aggregate Placing Price of the actual number of Placing Shares being placed by the Placing Agent.

### **Placing conditions precedent**

Placing Completion is conditional upon:–

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (b) the passing of a resolution by the Shareholders to approve the allotment, issue and dealing with Placing Shares at the EGM;
- (c) the Sale and Purchase Agreement having become unconditional in all respects (other than the Placing having completed); and
- (d) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure events.

Placing Completion, in any event, will take place on a date falling within four business days after the fulfilment of the above conditions or such later date to be agreed between the Company and the Placing Agent. If the above conditions are not satisfied and/or waived (as to the above condition (d) only) in whole or in part by the Placing Agent prior to 5:00 p.m. on or before the Placing Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the Company and the Placing Agent thereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

The Placing Agent shall, in accordance with terms and conditions of the Placing Agreement, use its best endeavours to procure, and shall give all necessary assistance to the Company, in, the satisfaction of the above conditions.

## **Termination**

- (a) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (i) Placing Completion; (ii) the Placing Long Stop Date if the above conditions have not been satisfied (or waived as the case may be); and (iii) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.
- (b) The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events as defined in the Placing Agreement.
- (c) If, at or prior to 9:00 a.m. on the Placing Completion Date:
  - (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
  - (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcements or circulars relating to the Placing; or
  - (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

- (d) Upon giving of the aforesaid notice, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

### **Reasons and benefits of the Acquisition and the Placing and use of proceeds for the Placing**

The Group is principally engaged in management, as well as the organisation of trade exhibitions and the provision of exhibition related service for other exhibition organisers or project managers. The Group is also engaged in the business of brand management of club and bar, and money lending.

As mentioned in the annual report of the Company for the year ended 30 June 2017, it is the intention of the Group to diversify its business operations, further expand its income source and explore any synergistic investment and development opportunities which may help capitalise on any growth opportunities and thereon enhance the Shareholders' value. Accordingly, the Group intends to expand its business operations to money lending, clubbing and entertainment market in the PRC and other future investment opportunities which may arise from time to time.

### ***The Acquisition***

Albeit the Group has witnessed sluggish overall growth in the global economy, the overall PRC economy showed stable and healthy development momentum. Steady economic growth and a growing middle class population in the PRC all contribute positively to increasing disposable income, which is an important factor that drives the needs of consumer goods and eventually the needs of consumer goods expo. With the rise of middle class, the Group also foresees a drastic demand on cultural and entertainment needs, including activities such as bar and clubbing.

The Group has already propelled a remarkable progress in acquiring a company in providing bar brand services under the names of "PHEBE", "菲苾", "MT" and "U.CLUB" in various cities in the PRC such as Shanghai, Suzhou, Yixing, Hefei, Nantong and Beihai.

Having considered, among other things:

- (i) the proven track record of the Target Group in the previous financial years attributable to its well-established client bases and seasoned management team as mentioned in the section of this announcement headed “Assets to be acquired”;
- (ii) the Sale and Purchase Agreement has provided the profit guarantees to be undertaken by the Vendor covering three years endings 31 December 2018, 2019 and 2020, together with a corresponding adjustment mechanism on the Consideration, to safeguard the interest of the Company;
- (iii) upon Acquisition Completion, the Vendor, being the founder and president of the Target Group, will become the CNs holder of the Company, which will enforce the quality and consistency of the Target Group’s performance and operation and also align the interests between the Shareholders of the Company and the Vendor;
- (iv) the synergy between the seasoned management team, clients resources and vendors resources and networks in the entertainment industry of the Target Group, and the development of the Group’s brand management business in the entertainment business of the PRC; and
- (v) through an integrated chain of supply between the Group’s upstream exhibition production services and the Target Group’s downstream network resources in the entertainment industry, the Group is able to utilise its services capacity in PRC, namely event planning, booth design planning, lighting design, equipment installation and showcase decorations services, to provide customised services to the members of nightclubs, bars and lounges in PRC.

The Directors (including the independent non-executive Directors) consider the Acquisition presents a valuable investment opportunity to enhance corporate development and broaden the income base of the Group, which will also facilitate the development of the Group’s brand management related business.

### ***The Placing***

The Company will raise approximately HK\$103 million from the Placing. Having considered the reasons and benefits for the Acquisition as mentioned above, the Company intends to apply the proceeds from the Placing for cash payment of the Consideration in the sum of HK\$100 million.

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the Placing Agreement are on normal commercial terms, and the Acquisition and the Placing are in the interest of the Company and Shareholders as a whole.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summarises the equity fund raising activities of the Company during the last 12 months prior to the date of this announcement:

Date of announcements	Fund raising activity	Approximate net proceeds (HK\$)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
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

Save for the above, as at the date of this announcement, the Company has not conducted any other equity fund raising activities during the last twelve months prior to the date of this announcement.

## EFFECT OF THE ACQUISITION AND THE PLACING ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon Placing Completion; and (iii) immediately upon Placing Completion (assuming all the Placing Shares are fully placed) and full conversion of the CNs at the Conversion Price of HK\$1.83 per Conversion Share, for illustration purpose only:

	As at the date of this announcement		Immediately upon Placing Completion, (assuming all the Placing Shares are fully placed)		Immediately upon Placing Completion (assuming all the Placing Shares are fully placed) and full conversion of the CNs at the Conversion Price of HK\$1.83 per Conversion Share	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Chen Chao	164,235,000	11.9	164,235,000	11.4	164,235,000	10.7
The Vendor	–	–	–	–	91,803,278	6.0
Placees	–	–	68,600,000	4.7	68,600,000	4.4
Other public Shareholders	1,212,665,000	88.1	1,212,665,000	83.9	1,212,665,000	78.9
<b>Total</b>	<b>1,376,900,000</b>	<b>100.0</b>	<b>1,445,500,000</b>	<b>100.0</b>	<b>1,537,303,278</b>	<b>100.0</b>

## LISTING RULES IMPLICATIONS

### Major transaction

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition calculated are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As such, the Acquisition is subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### Specific Mandate

The Company will seek the Shareholders' approval at the EGM for the grant of the CN Specific Mandate and the Placing Specific Mandate to allot and issue the Conversion Shares and Placing Shares, respectively. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares and the Placing Shares.

## GENERAL

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the grant of the CN Specific Mandate for the issuance of the Conversion Shares; and (iv) the grant of the Placing Specific Mandate for the issuance of the Placing Shares.

A circular containing, among others, further details of (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the CN Specific Mandate and the Placing Specific Mandate; and (iv) a notice convening the EGM will be despatched to the Shareholders on or before 15 December 2017 in accordance with the Listing Rules.

**Shareholders and potential investors of the Company should note that each Acquisition Completion and Placing Completion is subject to the fulfilment (or, as the case may be, waiver) of the conditions precedent under the Sale and Purchase Agreement and the Placing Agreement, respectively. The Acquisition and the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares by the Company from the Vendor pursuant to the Sale and Purchase Agreement
“Acquisition Completion”	completion of the Acquisition
“Acquisition Completion Date”	the date of Acquisition Completion, which shall be a date falling within five (5) Business Days after the fulfilment of the conditions precedent and the date on which Acquisition Completion taken place

“Acquisition Long Stop Date”	23 May 2018 or such other date as may be agreed between the Vendor and the Company in writing
“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong (other than a Saturday, a Sunday or a public holiday or days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“BVI”	the British Virgin Islands
“Company”	Mega Expo Holdings Limited, a company incorporated in the Cayman Island with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1360)
“Consideration”	the sum of HK\$268 million payable by the Company to the Vendor for the Acquisition
“CNs”	the convertible notes in the aggregate principal amount of HK\$168 million to be issued by the Company to the Vendor for the partial settlement of the Consideration, being the First CNs, the Second CNs and the Third CNs
“CNs Certificate(s)”	the certificate(s) for the CNs
“CN Specific Mandate”	a specific mandate to be sought from Shareholders at the EGM to authorise the Directors to allot and issue the Conversion Shares
“Conversion Price”	the initial conversion price of HK\$1.83 per Conversion Share

“Conversion Shares”	the 91,803,278 Shares (subject to adjustment) to be issued by the Company upon exercise of the conversion rights attaching to the CNs
“Director(s)”	the directors of the Company
“Due Diligence Review”	a due diligence review and investigation on each member of the Target Group, which the Company shall be entitled (but not obliged) to carry out, including without limitation to its assets, liabilities, contracts, commitments and business and financial and legal aspects
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder, (ii) the Placing Agreement and the transactions contemplated thereunder; (iii) the grant of the CN Specific Mandate for the issuance of the Conversion Shares; and (iv) the grant of the Placing Specific Mandate for the issuance of the Placing Shares
“First CNs”	the first CNs in the principal amount of HK\$34 million to be issued by the Company to the Vendor upon Acquisition Completion as partial settlement of the Consideration, which entitle the holders thereof to convert the outstanding principal amount due thereunder into Conversion Shares at the Conversion Price (subject to adjustment)
“First CNs Certificate”	the certificate for the First CNs
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NOD”	諾笛(上海)企業管理諮詢有限公司 (transliterated as Nod (Shanghai) Management Communication Co., Ltd), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“NOD Culture”	諾笛(上海)文化發展有限公司 (transliterated as Nod (Shanghai) Culture Development Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Placee(s)”	any independent professional, institutional or other investors procured by or on behalf of the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the proposed placing of up to 68,600,000 Placing Shares to the Placees at the Placing Price subject to the conditions set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a corporation licensed by the SFC to carry on Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent on 24 November 2017 in relation to the Placing
“Placing Completion”	the completion of the Placing

“Placing Price”	HK\$1.5 per Placing Share
“Placing Share(s)”	up to 68,600,000 new Share(s) to be placed pursuant to the Placing Agreement
“Placing Specific Mandate”	a specific mandate to be sought from Shareholders at the EGM to authorise the Directors to allot and issue the Placing Shares
“Placing Long Stop Date”	23 May 2018 or such later date to be agreed between the Company and the Placing Agent
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 24 November 2017 entered into between the Vendor and the Company in relation to the Acquisition
“Sale Shares”	the entire issued share capital of the Target Company being held by the Vendor as at the date of this announcement
“Second CNs”	the second CNs in the principal amount of HK\$58 million to be issued by the Company to the Vendor upon Acquisition Completion as partial settlement of the Consideration, which entitle the holders thereof to convert the outstanding principal amount due thereunder into Conversion Shares at the Conversion Price (subject to adjustment)
“Second CNs Certificates”	the certificate for the Second CNs

“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.002 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shanghai Bayu”	上海巴娛電子商務有限責任公司 (transliterated as Shanghai Bayu e-Commerce Limited Liability Company), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	US Dollars, the lawful currency of the United States of American
“Takeovers Code”	The Codes of Takeovers and Mergers and Share Buy-backs issued by the SFC (as amended from time to time)
“Target Company”	Cheer Sino Investment Holdings Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Target Group Company(ies)”	member(s) of the Target Group
“Third CNs”	the third CNs in the principal amount of HK\$76 million to be issued by the Company to the Vendor upon Acquisition Completion as partial settlement of the Consideration, which entitle the holders thereof to convert the outstanding principal amount due thereunder into Conversion Shares at the Conversion Price (subject to adjustment)

“Third CNs Certificates”	the certificate for the Third CNs
“Vendor” or “Mr. Liu”	Mr. Liu Jianping, a merchant and an Independent Third Party, being the legal and ultimate beneficial owner of the entire issued share capital of the Target Company and the president and founder of the Target Group
“Vendor Group”	(i) the Vendor and (ii) any company in which the Vendor or his associates (as defined in the Listing Rules) has controlling interest
“%”	per cent.

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

Hong Kong, 24 November 2017

*As at the date of this announcement, the Board comprises Mr. Deng Zhonglin, Ms. Zhang Jun and Mr. Lu Linyu as executive Directors; and Mr. Choi Hung Fai, Mr. Yang Bo and Mr. Tsang Wing Ki as independent non-executive Directors.*