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

DISCLOSEABLE TRANSACTION SUB-LICENSE AGREEMENT

Financial Adviser



Euto Capital Partners Limited

THE SUB-LICENSE AGREEMENT

The Board is pleased to announce that on 3 June 2016 (after trading hours), the Sub-Licensee entered into the Sub-License Agreement with the Licensee in relation to, among others, the sub-license of the Licensed Rights by the Licensee to the Sub-Licensee at a consideration of HK\$50,000,000, which shall be settled in cash.

As one or more of the relevant percentage ratios under the Listing Rules in respect of the transaction contemplated under the Sub-License Agreement are more than 5% but less than 25%, the transaction contemplated under the Sub-License Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Company's announcement dated 6 May 2016 in relation to the termination of the acquisition of the entire issued share capital of Treasure Spy Limited.

On 3 June 2016 (after trading hours), the Sub-Licensee entered into the Sub-License Agreement with the Licensee in relation to, among others, the sub-license of the Licensed Rights by the Licensee to the Sub-Licensee at a consideration of HK\$50,000,000.

THE SUB-LICENSE AGREEMENT

Date:

3 June 2016 (after trading hours)

Parties:

Sub-Licensee: Up Huge Corporation Limited

Licensee: Dorian Concept (Group) Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Licensee and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Licensee and its ultimate beneficial owners do not hold any Shares or other securities in the Company.

Sub-license of the Licensed Rights

Pursuant to the Sub-License Agreement, the Licensee shall grant to the Sub-Licensee an exclusive, non-transferable sub-license to use the Licensed Rights at roadshows, events and exhibitions in Hong Kong, Macau and Taiwan.

Term

The term of the Sub-License Agreement commences on the date of signing the Sub-License Agreement to 31 March 2020 (or such later date as the Licensee may agree subject to the consent of the Licensor).

Consideration

The Consideration for the grant of the sub-license of the Licensed Rights by the Licensee to the Sub-Licensee under the Sub-License Agreement is HK\$50,000,000, which shall be settled in cash. The Consideration shall be paid by the Sub-Licensee to the Licensee or its nominee within twenty one (21) days after the date of signing of the Sub-License Agreement.

For every event, roadshow, or exhibition held by the Sub-Licensee in relation to the Licensed Rights, the Sub-Licensee shall pay HK\$3,000,000 as license fee to the Licensee.

The Sub-Licensee shall further pay to the Licensee a fee of 15% of the net proceeds of all merchandise sold at roadshows, exhibitions or events held by the Sub-Licensee using the Licensed Rights.

The Consideration has been arrived at after arm's length negotiations between the parties to the Sub-License Agreement with reference to the valuation of the Licensed Rights prepared by the Valuer of approximately HK\$51,100,000 under the income-based approach as at 31 December 2015 (the "**Valuation**").

INFORMATION ON THE LICENSEE

The Licensee is a company incorporated in Hong Kong and is principally engaged in all programme and project of the Licensed Rights and other popular name/cartoon and related characters.

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

REASONS FOR AND BENEFITS FOR THE TRANSACTION UNDER SUB-LICENSE AGREEMENT

As disclosed in the interim report of the Company for the six months ended 31 December 2015, the Group considered that it was facing global macro-economic challenges which were beyond the control of the Group. The Hong Kong-based manufacturing industry was also shrinking which was evident from the declining number of exhibition booths originating from Hong Kong companies at the mega shows. The Group also considered the social conflicts and political volatility of Hong Kong might certainly impact on the already adverse economic environment that Hong Kong is facing. Facing the challenges ahead, the Board considers to adopt a cautious approach in managing the Group's business operations and evaluating business development opportunities.

As set out in the Company's announcement dated 6 May 2016, the Board decided not to proceed the acquisition of the entire issued share capital of Treasure Spy Limited under the original structure basis and stated that the Company will continue to explore other possible cooperation and/or investment arrangement(s) with the Licensee and/or in relation to the Licensed Rights. Based on the above, the Board considers that the transaction contemplated under the current structure basis provides the Company with more favourable terms offered by the Licensee to sub-license of the Licensed Rights and the terms are fair and reasonable and are in the interests of the Shareholders as a whole.

In addition, the Board considers that the Sub-License Agreement could allow the Group's business to diversify geographically. The Board also considers that the aforesaid transaction broaden the Group's income sources and enhance its financial performance and will be beneficial to the future growth and business development of the Group as a whole.

COMPLIANCE WITH RULE 14.62 OF THE LISTING RULES

The Valuation has been prepared by the Valuer. According to the Valuation, the fair value of the Licensed Rights was reasonably stated at approximately HK\$51,100,000, as at the valuation date of 31 December 2015. The Valuation has adopted the income-based approach in valuing the Licensed Rights. As such, the Valuation constitutes a "profit forecast" under Rule 14.61 of the Listing Rules. Rule 14.62 of the Listing Rules is hence applicable.

The principal assumptions, including commercial assumptions, on which the Valuation has been based, are as follows:

- The projections outlined in the financial information as provided by the management of the Company and Sub-Licensee are reasonable, reflecting market conditions and economic fundamentals, and will be materialized;
- According to the financial forecast, a license fee of HK\$3,000,000 will be required for each project. A fee of 15% will be required for merchandise sold also;
- All relevant legal approvals and business certificates or licenses to operate the Licensed Rights in the target localities would be officially obtained and renewable upon expiry;

- There will be sufficient supply of technical staff in the industry in which the business operate, and the Sub-Licensee will retain competent management, key personnel and technical staff to support the ongoing operations and developments of the Licensed Rights;
- There will be no major change in the current taxation laws in the localities in which the business operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the business operate or intend to operate, which would adversely affect the revenues attributable to and profitability of the business; and
- Interest rates and exchange rates in the localities for the operation of the Licensed Rights will not differ materially from those presently prevailing.

Asian Alliance (HK) CPA Limited, the reporting accountants of the Company (the “**Reporting Accountants**”), have reviewed the calculations of the discounted future estimated cash flows of the Licensed Rights, which does not involve the adoption of accounting policies, in which the Valuation was based. The Board has reviewed the above principal assumptions and confirmed that the forecast has been made after due and careful enquiry. Letter from the Reporting Accountants is included in the Appendix I of this announcement as required under Rule 14.62 of the Listing Rules.

On the basis of the foregoing, the Company’s financial adviser, Euto Capital Partners Limited (the “**Financial Adviser**”), is satisfied that the forecast has been made by the Company after due and careful enquiry. A letter from the Financial Adviser is included in Appendix II of this announcement as required under Rule 14.62 of the Listing Rules.

The following are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
Asian Alliance (HK) CPA Limited	Certified Public Accountants
Roma Appraisals Limited	Independent professional valuer
Euto Capital Partners Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Valuer, the Reporting Accountants and the Financial Adviser is an Independent Third Party.

As at the date of this announcement, none of the Valuer, the Reporting Accountants and the Financial Adviser has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Valuer, the Reporting Accountants and the Financial Adviser has given and has not withdrawn its written consent to the publication of this announcement with the inclusion of its letter and all references to its name (including its qualifications) in the form and context in which it is included.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios under the Listing Rules in respect of the transaction contemplated under the Sub-License Agreement are more than 5% but less than 25%, the transaction contemplated under the Sub-License Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Mega Expo Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code:1360)
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration payable by the Sub-Licensee to the Licensee or its nominee for the grant of the sub-license of the Licensed Rights under the Sub-License Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Third Parties”	party(ies) independent of and not connected with the Company and its Connected Persons (as defined under the Listing Rules)
“Licensee”	Dorian Concept (Group) Limited, a company incorporated in Hong Kong with limited liability
“Licensor”	Tsuburaya Productions Co., Ltd., a corporation organized and existing under the laws of Japan

“Licensed Rights”	all intellectual properties at any time legally licensed to or controlled by the Licensee in relation to all series and any types of “ Ultraman ”, which was created by Eiji Tsuburaya from the Licensor, from television programs and movies produced from 1996 to 2016 and such other intellectual property rights derived from the aforesaid rights and its related intangible property that is acknowledged general right by the law (including without limitation the logos, concept, technology and operating information associated with “ Ultraman ”) for the territory of Hong Kong, Macau and Taiwan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.002 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Licensee”	Up Huge Corporation Limited, a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company
“Sub-License Agreement”	the sub-license agreement dated 3 June 2016 entered into between the Sub-Licensee and the Licensee in relation to the sub-license of the Licensed Rights to the Licensee

“Valuer”

Roma Appraisals Limited, an independent professional valuer

By order of the Board
Mega Expo Holdings Limited
Liu Gejiang
Executive Director

Hong Kong, 3 June 2016

As at the date of this announcement, the Board comprises Mr. Ge Jin, Mr. Liu Gejiang, Mr. Sun Sizhi and Ms. Yang Yan as executive Directors; Mr. Yeung Chun Yue, David, Mr. Choi Hung Fai and Mr. Yang Bo as independent non-executive Directors.

APPENDIX I – LETTER FROM THE REPORTING ACCOUNTANTS



The Board of Directors
Mega Expo Holdings Limited
Suites 911-912
Level 9, One Pacific Place
88 Queensway
Hong Kong

Dear Sirs,

ACCOUNTANTS’ REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE LICENSED RIGHTS IN RELATION TO “ULTRAMAN” SERIES SUB-LICENSED BY DORIAN CONCEPT (GROUP) LIMITED

TO THE DIRECTORS OF MEGA EXPO HOLDINGS LIMITED (THE “COMPANY”)

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Roma Appraisals Limited, in respect of the licensed rights in relation to “**Ultraman**” series sub-licensed by Dorian Concept (Group) Limited (the “**Licensed Rights**”), as at 31 December 2015 (the “**Valuation**”) is based. The Licensed Rights refer to all intellectual properties at any time legally licensed to or controlled by Dorian Concept (Group) Limited in relation to all series and any types of “**Ultraman**”, which was created by Eiji Tsuburaya from Tsuburaya Productions Co., Ltd., from television programs and movies produced from 1996 to 2016 and such other intellectual property rights derived from the aforesaid rights and its related intangible property that is acknowledged general right by the law (including without limitation the logos, concept, technology and operating information associated with “**Ultraman**”) for the territory of Hong Kong, Macau and Taiwan. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in the announcement dated 3 June 2016 to be issued by the Company in connection with the Licensed Rights.

Directors' responsibilities for the discounted future estimated cash flows

The directors of the Company (the “**Directors**”) are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*”, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of our report.

Our engagement was conducted in accordance with Hong Kong Standards on Assurance Engagements 3000 (Revised) “*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*” issued by HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled with the Assumptions. Our work does not constitute any valuation of the Licensed Rights.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or concluded any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Yours faithfully,

Asian Alliance (HK) CPA Limited

Certified Public Accountants (Practising)

Lam Chik Tong

Practising Certificate Number: P05612

Suites 313-316, 3/F

Shui On Centre

6-8 Harbour Road

Wan Chai

Hong Kong

3 June 2016

APPENDIX II – LETTER FROM THE FINANCIAL ADVISER



Euto Capital Partners Limited
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The Board of Directors
Mega Expo Holdings Limited
Suites 911-912, Level 9
One Pacific Place
88 Queensway
Admiralty, Hong Kong

3 June 2016

Dear Sirs,

We refer to the valuation report prepared by Roma Appraisals Limited (the “**Independent Valuer**”) in relation to the fair value of the licensed rights granted by Dorian Concept (Group) Limited (the “**Licensee**”) to Up Huge Corporation Limited pursuant to the sub-license agreement dated 3 June 2016 (the “**Licensed Rights**”) as at 31 December 2015 (the “**Valuation**”). The Licensed Rights refers to all intellectual properties at any time legally licensed to or controlled by the Licensee in relation to all series and any types of “**Ultraman**”, which was created by Eiji Tsuburaya from the Tsuburaya Productions Co., Ltd., from television programs and movies produced from 1996 to 2016 and such other intellectual property rights derived from the aforesaid rights and its related intangible property that is acknowledged general right by the law (including without limitation the logos, concept, technology and operating information associated with “**Ultraman**”) for the territory of Hong Kong, Macau and Taiwan. The principal assumptions upon which the Valuation is based are included in the announcement of Mega Expo Holdings Limited (the “**Company**”) dated 3 June 2016 (the “**Announcement**”), of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

We note that the Valuation has been developed based on the income-based approach which is regarded as profit forecast (the “**Profit Forecast**”) under Rule 14.61 of the Listing Rules. We have discussed with the management of the Company and the Independent Valuer regarding the bases and assumptions of the Profit Forecast to arrive at the Valuation and have reviewed the letter dated 3 June 2016 issued by Asian Alliance (HK) CPA Limited, the reporting accountants of the Company, as set out in Appendix I to the Announcement in regard to their work performed on the Profit Forecast. On the basis of the foregoing, we are of the opinion that the Profit Forecast underlying the Valuation, for which the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
Euto Capital Partners Limited
Manfred Shiu
Director