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

**VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE PROPOSED SUBSCRIPTION OF
INTEREST IN A PRIVATE EQUITY FUND**

This is a voluntary announcement made by the Company.

The Board wishes to announce that on 31 October 2017 after trading hours, Greatest Best and Great Honour entered into the MOU, pursuant to which Great Honour intended to set up and manage the PE Fund and Greatest Best intended to subscribe for interest in the PE Fund once it is set up and its interest being offered.

The MOU is intended to record the preliminary mutual understanding between Greatest Best and Great Honour and is not intended to be legally binding save for certain provisions including those relating to exclusivity, the payment of earnest money, costs and expenses, confidentiality and governing law of the MOU.

In the event that the Proposed Subscription materialises, it may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company in accordance with the applicable requirements of the Listing Rules as and when appropriate.

Shareholders and potential investors should note that the Proposed Subscription may or may not materialise as no formally binding documentation has been entered into and negotiations are still in progress. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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THE MOU

Date

31 October 2017 (after trading hours)

Parties

- (1) Greatest Best; and
- (2) Great Honour.

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

Subject matter

Pursuant to the MOU, Great Honour intended to set up and manage the PE Fund and Greatest Best intended to subscribe for interest in the PE Fund once it is set up and its interest being offered.

Great Honour intended to set up the PE Fund as soon as possible and in any event within the Term. Great Honour will then hold arm's length negotiations with the PE Fund and enter into an investment management agreement for appointing Great Honour as the fund manager of the PE Fund.

It is the Parties' intention that:–

- (a) the PE Fund will be domiciled in the Cayman Islands;
- (b) the PE Fund size will be approximately HK\$200,000,000;
- (c) the PE Fund will target to invest in the cultural and entertainment sector, especially club and bar, food and beverage business;
- (d) the PE Fund will engage the Group, in priority, for club and bar brand management for those projects involving the club and bar business as invested by the PE Fund;
- (e) Great Honour will charge the PE Fund a maximum of 2% per annum on the actual portfolio size of the PE Fund as management fee; and
- (f) performance sharing for Great Honour will further be discussed and finalised at the time of the setting up of the PE Fund.

Upon the setting up of the PE Fund and its interest being offered, and subject to completion and satisfaction of due diligence at the sole discretion of Greatest Best, Greatest Best intended to subscribe for interest in the PE Fund with a minimum capital injection of HK\$30,000,000, and the Parties will negotiate in good faith to ensure that the Subscription Agreement will be entered into for the purpose of the Proposed Subscription.

Conditions Precedent

Completion of the Subscription Agreement and the transactions contemplated therein, including without limitation the Proposed Subscription, will be subject to the conditions precedent as detailed in the Subscription Agreement being fulfilled. These conditions precedent will include, inter alia, the following:–

- (a) the PE Fund having been set up in the form and substance to the absolute satisfaction of Greatest Best in all respects, including but not limiting to the legality of its establishment and structure;
- (b) Greatest Best being satisfied with the due diligence, together with the support of legal opinion(s) to be issued by reputable law firm(s) and acceptable to Greatest Best if so required;

- (c) compliance with all other applicable laws, rules and regulations including but not limiting to the Listing Rules and/or the Code on Takeovers and Mergers for the transactions contemplated under the Proposed Subscription (which may include approval by the Shareholders at an extraordinary general meeting of the Company of the Proposed Subscription and the transactions contemplated thereunder);
- (d) the grant of any necessary approvals, consents and/or waivers by including but not limiting to any relevant governmental or regulatory authorities or bodies, whether in Hong Kong or elsewhere (including not limiting to the Stock Exchange and/or the Securities and Futures Commission); and
- (e) Greatest Best not being aware of any material adverse change of Great Honour and/or the PE Fund having occurred prior to completion or being likely to occur whether on or before completion of the Proposed Subscription.

In the event that the above conditions precedent are not fulfilled or waived in writing (other than those conditions precedent (c) and (d) above which cannot be waived) by Greatest Best on or before the date as the Parties will agree in the Subscription Agreement, the Subscription Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities of the parties thereunder shall cease and determine, save for any antecedent breaches thereof.

Earnest Money

Within seven business days from the date of the MOU, Greatest Best shall deposit HK\$30,000,000 in cash as a refundable earnest money into an escrow account with a solicitors firm as designated by and acting for and on behalf of Greatest Best.

Upon completion of the Proposed Subscription, the earnest money will be applied towards part payment of the consideration to be agreed upon in the Subscription Agreement. In the event that the Subscription Agreement is not entered into upon the expiry of the Term, the earnest money will be returned to Greatest Best within seven business days upon request by Greatest Best.

Priority

Once the PE Fund is set up, Greatest Best shall have the priority right to invest into and subscribe for interest in the PE Fund.

Exclusivity

Great Honour agreed that, without the prior written consent of Greatest Best, it shall not and shall procure the PE Fund not to, within the Term, (i) negotiate or enter into any discussions or sign, with any party, any memorandum of understanding, letter of intent, agreement or understanding or arrangements (whether legally binding or not) or continue or permit to continue any such negotiations or arrangements; and (ii) accept, solicit, entertain or consider any offer or offers, in each case in respect of the investment into or subscription for interest in the PE Fund (whether direct or indirect), or any business that is similar to the transactions contemplated by the MOU or would potentially compete with the businesses and transactions contemplated by the MOU.

Non-legally binding effect

The MOU is intended to record the preliminary mutual understanding between Greatest Best and Great Honour and is not intended to be legally binding save for certain provisions including those relating to exclusivity, the payment of earnest money, costs and expenses, confidentiality and governing law of the MOU.

INFORMATION OF GREAT HONOUR

Great Honour is licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The management team of Great Honour is consisted of two seasoned fund managers of over 10 years of experience in securities investment and asset management, and who have joined certain international investment bank(s) and/or well-known financial institution(s) over the years.

REASONS FOR THE PROPOSED SUBSCRIPTION

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. 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.

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.

Leveraging on the extensive experience of the management of Great Honour as mentioned above, the Group is optimistic about the development of the operation of the PE Fund which will target to invest in the cultural and entertainment sector, especially club and bar, food and beverage business. The entering into of the MOU is in line with the business strategies of the Group to enhance its club and bar brand management business that will benefit from the aforesaid growth of the PRC economy and also the PRC middle class population, with a rise in demand for cultural and entertainment activities in the PRC.

The Directors consider that the Proposed Subscription presents a valuable investment opportunity to broaden the income base of the Group and thus enhance its corporate development.

The Directors are also of the view that the terms and conditions of the MOU are on normal commercial terms and are fair and reasonable and that the Proposed Subscription is in the interests of the Company and the Shareholders as a whole.

GENERAL

In the event that the Proposed Subscription materialises, it may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company in accordance with the applicable requirements of the Listing Rules as and when appropriate.

Shareholders and potential investors should note that the Proposed Subscription may or may not materialise as no formally binding documentation has been entered into and negotiations are still in progress. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“Board”	board of Directors
“Company”	Mega Expo Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 1360)
“Greatest Best”	Greatest Best Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Directors”	directors of the Company
“Great Honour”	Great Honour Capital Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	any person or company and their respective associate(s) (as defined in the Listing Rules) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	memorandum of understanding dated 31 October 2017 entered into between Greatest Best and Great Honour in relation to the Proposed Subscription
“Parties”	Greatest Best and Great Honour
“PE Fund”	private equity fund to be set up by Great Honour
“PRC”	People’s Republic of China
“Proposed Subscription”	proposed subscription of interest in the PE Fund by Greatest Best under the MOU
“Share(s)”	ordinary shares of HK\$0.002 each in the issued share capital of the Company

“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a subscription agreement upon such terms and conditions as may be agreed by Greatest Best to be entered into between Greatest Best and Great Honour for the purpose of the Proposed Subscription
“Term”	6 months from the date of the MOU (or such other date as the Parties may agree)
“%”	per cent.

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

Hong Kong, 31 October 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.