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

PLACING OF BONDS

Placing Agent



KINGSTON SECURITIES

PLACING OF BONDS

On 16 October 2018, the Placing Agent and the Company entered into the Placing Agreement. Pursuant to the Placing Agreement, the Placing Agent conditionally agreed to procure, on a best efforts basis, the Placees to subscribe in cash for the Bonds in an aggregate principal amount of up to HK\$300 million during the Placing Period.

Completion is subject to, among others, the rights of the Placing Agent and the Company to terminate the Placing Agreement pursuant to the terms thereof. Accordingly, the Placing may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

THE PLACING AGREEMENT

On 16 October 2018, the Placing Agent and the Company entered into the Placing Agreement. Pursuant to the Placing Agreement, the Placing Agent conditionally agreed to procure, on a best efforts basis, the Placees to subscribe in cash for the Bonds in an aggregate principal amount of up to HK\$300 million during the Placing Period.

Principal terms of the Placing Agreement are summarised below:

Date : 16 October 2018

Issuer : The Company

Placing Agent : The Placing Agent

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

Placees : The Bonds will be placed to Placees who and whose ultimate beneficial owners shall be independent professional investors not connected with the Company or its connected persons.

Aggregate Principal Amount : Up to HK\$300 million

Placing Period : A period of 31 days commencing from the date of the Placing Agreement, or such other period as may be agreed between the Company and the Placing Agent in writing.

Completion : The Bonds may be issued in different tranches. Subject to the termination rights of the Placing Agent under the Placing Agreement and the Placing Agent having served a completion notice on any Business Day during the Placing Period, each completion shall take place on the date set out in the relevant completion notice (or such later time and date as the Placing Agent and the Company may agree in writing).

CONDITIONS PRECEDENT

The obligations of the Placing Agent under the Placing Agreement in respect of the issue of each tranche of the Bonds are conditional upon the following conditions being fulfilled (or, as the case may be, waived by the Placing Agent):

- (a) the execution and delivery of the bond instrument to be executed by the Company by way of a deed poll constituting the Bonds and the Agency Agreement by the respective parties thereto prior to the first Completion and such bond instrument and the Agency Agreement remaining effective;
- (b) each of the warranties given by the Company being true and accurate in all material respects and not misleading at, and as if made on the relevant Completion Date; and
- (c) a completion notice for such tranche of the Bonds having been duly served by the Placing Agent.

The Placing Agent may at any time waive in writing the condition (b) above. The conditions (a) and (c) are incapable of being waived. If any of the foregoing conditions is not fulfilled at or before 4:00 p.m. (Hong Kong time) on the Completion Date set out in the relevant completion notice or such later time or date as may be agreed between the Placing Agent and the Company in writing, the Placing Agent may, at any time, terminate its obligations with respect to the tranche of the Bonds to which the completion notice relates by notice in writing to the Company, whereupon the obligations of the Placing Agent and the Company with respect to such tranche of the Bonds shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against each other, save for any antecedent breach thereof.

TERMINATION

The Placing Agent may, by notice to the Company given during the Placing Period, terminate the Placing Agreement in any of the following circumstances:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), which may, in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (iii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, which in the absolute opinion of the Placing Agent is likely to materially and adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (v) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 15 consecutive Business Days, excluding any suspension in connection with the clearance of the announcement, circular or other documents, where appropriate, in connection with the Placing contemplated thereunder; or

- (vi) the Stock Exchange having issued a letter to the Company in relation to any possible cancellation of listing of any of its securities on the Stock Exchange pursuant to Rules 6.10 and/or 6.10A of the Listing Rules; or
- (vii) there shall have come to the notice of the Placing Agent any breach of, or any event rendering untrue or incorrect in any respect, any of the representations and warranties contained in the Placing Agreement or any failure to perform any of the Company's undertakings or obligations in the Placing Agreement, which might have a material adverse effect.

UNDERTAKING OF THE COMPANY

Pursuant to the Placing Agreement, the Company undertakes with the Placing Agent that (i) it will procure the termination of the Existing Placing Agreement effective on or before 31 October 2018; and (ii) it will not procure any placing or issue any bonds pursuant to the Existing Placing Agreement.

PRINCIPAL TERMS OF THE BONDS

Principal terms of the Bonds are summarised below:

Aggregate Principal Amount	:	Up to HK\$300 million
Denomination	:	The Bonds are issued in registered form in the denomination of HK\$1,000,000 each.
Interest	:	Bondholders are entitled to a 15% annual interest, payable in cash quarterly in arrears.
Maturity Date	:	The date falling on the third anniversary of the relevant issue date of the Bonds, or if such date is not a Business Day, the Business Day immediately following such date.

- Redemption at Maturity : Unless previously redeemed or purchased and cancelled, the Company shall redeem all the outstanding Bonds held by a Bondholder on the Maturity Date.
- Early Redemption at the Option of the Issuer : The Company may at any time before the maturity date and from time to time by serving not less than 10 nor more than 30 days' notice on the Bondholder (with the total amount proposed to be redeemed from the Bondholder and the proposed date of early redemption specified therein), redeem the Bond (in whole or in part) at the total principal amount of such Bond together with payment of interests accrued but unpaid up to the date of such early redemption. For the avoidance of doubt, no early redemption may be requested by the Bondholder.
- Event of Default : If any of the events of default as described in the terms and conditions of the Bonds occurs, any Bondholder may give notice in writing to the Company that the Bonds are immediately due and repayable, and the Bonds will immediately become due and repayable at their principal amount together with any interests accrued but unpaid.
- Status of Bonds : The Bonds shall constitute direct, senior, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves.
- Transferability : The Bonds are transferrable.
- Listing : No application will be made for the listing of the Bonds.

The terms of Bonds were determined after arm's length negotiations between the Company and the Placing Agent with reference to, amongst other things, the prevailing market conditions and the financial position of the Group.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the business of (i) organization of exhibitions, events planning and related services; (ii) provision of brand management and related services; (iii) contracting services and entertainment equipment solution services; (iv) provision of promotion and consulting services; and (v) provision of loan and financing services.

In March 2018, the Group completed the acquisition of NOD in the PRC which is principally engaged in bar and club membership, wine and liquor promoting and event organising businesses by providing professional, precise and comprehensive services to the entertainment industry in the PRC, and owns a well-established client network across the PRC of over 1,500 membership of clubs, bar and lounges by operating a well-known entertainment brand NOD Union (諾笛聯盟) (the “**NOD Union**”). With reference to the circular of the Company for the acquisition of NOD dated 19 January 2018, through an integrated chain of supply between the Group’s upstream exhibition production services and the NOD Union’s downstream network resources in the entertainment industry, the Group intends to utilise its expertise and services capacity to provide customised services to the members of clubs, bars and lounges of the NOD Union in the PRC.

Assuming the Bonds are subscribed in full, the maximum gross proceeds from the Placing will be HK\$300 million. The net proceeds from the Placing (after deducting the placing commission and other related costs and expenses) of approximately HK\$292 million will be used by the Company (i) for development of existing equipment contracting services, entertainment equipment solution services, finance lease and commercial factoring business, particularly in the business, through NOD together with its subsidiaries, of operating the information and resources sharing platform in the entertainment industry with a well-established client network across the PRC of over 1,500 members of clubs, bars and lounges as mentioned above, with view to strengthening its business consulting and event planning services and hence boosting the business growth of the Group as a whole for the business opportunities generated from the synergy of the client network of the NOD Union; and (ii) for investment activities when such suitable investment opportunities arise, with any remaining balance to be used as general working capital of the Group.

The Board considers that the Placing provides a suitable opportunity to raise capital for the Group. In addition, the Placing will not result in any dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors are of the view that the Placing provides a good opportunity to strengthen the Company's financial position and the terms of the Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

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

“Agency Agreement”	the agency agreement to be entered into between the Company and the Placing Agent regarding the paying agent and registrar of the Company in respect of the Bonds
“Board”	the board of Directors
“Bonds”	15% coupon unlisted Bonds to be issued by the Company to be placed pursuant to the Placing Agreement with an aggregate principal amount of up to HK\$300 million
“Bondholder(s)”	person(s) in whose name a Bond is registered in the register of Bondholders
“Business Day(s)”	any day (excluding a Saturday, Sunday and public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Mega Expo Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (Stock code:1360)

“Completion”	completion of each tranche of subscription of the Bonds in accordance with the terms and condition of the Placing Agreement
“Completion Date(s)”	the date(s) of a Completion
“connected person(s)”	has the meaning as defined under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“Existing Placing Agreement”	the placing agreement dated 6 August 2018 entered into between, among others, the Company and Head & Shoulders Securities Limited in relation to the placing of the bonds in an aggregate principal amount of up to HK\$100,000,000
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) which/who is/are independent of the Company and its connected persons
“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
“Placee(s)”	any independent professional investors selected and procured by the Placing Agent to subscribe for the Bonds pursuant to the Placing Agreement
“Placing”	the placing of the Bonds by the Placing Agent on a best effort basis during the Placing Period pursuant to the terms of the Placing Agreement

“Placing Agent”	Kingston Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 16 October 2018 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	a period of 31 days commencing from the date of the Placing Agreement, or such other period as may be agreed between the Company and the Placing Agent in writing
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 16 October 2018

As at the date of this announcement, the Board comprises Mr. Deng Zhonglin and Mr. Xu Feng as executive Directors; and Mr. Choi Hung Fai, Mr. Tsang Wing Ki, Dr. Wong Kong Tin, JP and Mr. Qiu Peiyuan as independent non-executive Directors.