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

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 10 February 2017 (after trading hours of the Stock Exchange), the Purchaser, which is an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares representing the entire issued share capital of the Target Company at the consideration of HK\$40,000,000 on and subject to the terms and conditions contained therein. Immediately upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS ON THE ACQUISITION

As the highest applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As Completion is conditional upon fulfilment of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE AGREEMENT

Date

10 February 2017 (after trading hours of the Stock Exchange)

Parties

- (1) Mr. Liu Jiazhen, being the Vendor; and
- (2) Eastern Pioneer Holdings Limited, being the Purchaser and an indirect wholly-owned subsidiary of the Company

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

Assets to be acquired

The Sale Shares, being 100 shares of US\$0.01 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company free from any option, charge, lien, interest, encumbrance, right of first refusal or any other third party rights together with all rights attaching thereto at any time on or after Completion.

Consideration

The total consideration for the Sale Shares is HK\$40,000,000, which shall be payable by the Purchaser in the following manner:

- (i) a refundable deposit ("**Refundable Deposit**") in the amount of HK\$15,000,000 upon the execution of the Agreement; and
- (ii) the remaining balance in the amount of HK\$25,000,000 on the Completion Date.

The consideration has been determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, (i) the business development opportunity and prospects of the Target Group; (ii) the profit guarantee of the Target Company as set out in the Agreement; and (iii) the preliminary valuation (the "**Valuation**") prepared by Peak Vision Appraisal Limited, an independent valuer (the "**Independent Valuer**") showing the appraised value of equity interest of the Target Company as at 31 January 2017 being not less than HK\$50,000,000. The consideration will be partially satisfied by the Company's internal financial resources and/or debt or equity funding.

The Valuation was prepared on a market value basis under the discounted cash flow method. Set out below are the principal assumptions used in the Valuation.

The details of the principal assumptions (including commercial assumptions) upon which the Valuation is based are as follows:

- the assets and liabilities of the Target Group as at 31 January 2017 were nominal;
- the contractual parties of the service agreements between the Target Group and its customers will act in accordance with the terms and conditions of the service agreements and understandings between the parties;
- for the Target Group to continue as a going concern, the Target Group will successfully carry out all necessary activities for the development of its business;
- the availability of finance will not be a constraint on the forecast growth of the Target Group's operations in accordance with the projections;
- market trends and conditions where the Target Group operates will not deviate significantly from the economic forecasts in general;
- the unaudited financial statements of the Target Group as supplied to us have been prepared in a manner which truly and accurately reflect the financial position of the Target Group as at the respective balance sheet dates;
- key management, competent personnel, and technical staff will all be retained to support ongoing operations of the Target Group;

- there will be no material changes in the business strategy of the Target Group and its operating structure;
- interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing;
- all relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Group operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- there will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues and profits attributable to the Target Group.

The Independent Valuer has also assumed the reasonableness of information provided and relied to considerable extent on such information in arriving at its opinion of value.

As the Valuation is based on the discounted cash flow method, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules and accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable. Pursuant to Rule 14.62 of the Listing Rules, the Board has reviewed the principal assumptions upon which the Valuation is based and is of the view that the profit forecast has been made after due and careful enquiry.

Confirmations

Kingston Corporate Finance Limited (“**Kingston Corporate Finance**”), acting as the Company’s financial adviser, has confirmed that it is satisfied that Valuation of the Target Group has been made by the Directors after due and careful enquiry.

A letter from HLM CPA Limited (“**HLM**”), the Company’s reporting accountants, dated 10 February 2017 with respect to the profit forecast as required under Rule 14.62(2) of the Listing Rules and a letter from Kingston Corporate Finance dated 10 February 2017 in compliance with Rule 14.62(3) of the Listing Rules will be submitted to the Stock Exchange together with this announcement, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

Experts and Consents

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
Peak Vision Appraisals Limited	Independent Valuer
HLM	Certified Public Accountants
Kingston Corporate Finance	A corporation licensed by Securities and Futures Commission of Hong Kong to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Independent Valuer, HLM and Kingston Corporate Finance is an Independent Third Party. As at the date of this announcement, none of the Independent Valuer, Kingston Corporate Finance and HLM has any shareholding 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 and not connected persons.

Each of the Independent Valuer, HLM and Kingston Corporate Finance has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its letter and/or all references to its report and name (including its qualification) in the form and context in which they respectively appear.

Having considered the above and the factors described in the paragraph headed "Reasons for and benefits of the Acquisition" below, the Directors consider the consideration to be fair and reasonable and on normal commercial terms and in the interest of the Shareholders as a whole.

Conditions precedents

Completion of the Acquisition is conditional upon the fulfilment (or where applicable, waiver thereof by the Purchaser) of the following conditions:

- (a) the clearance of all announcement(s) and circular(s) (if required) to be issued by the Company under the Listing Rules and granting of all approvals, if necessary by the Stock Exchange or by shareholders of the Company in respect of all transactions contemplated by the Agreement;
- (b) the Purchaser being satisfied with the result of the due diligence investigation in respect of the Target Group, including but not limited to the financial affairs, businesses, assets, liabilities, legal, results and financing structure of the Target Group and the Purchaser being in its absolute discretion satisfied with the results of such due diligence investigation;
- (c) no such events having occurred since the date of the Agreement to Completion Date as resulting in material adverse effects on the financial position, business or property, operating results or business prospects of the Target Group that should not have been caused;
- (d) the warranties provided by the Vendor in the Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion Date and at all times between the date of the Agreement and Completion Date;
- (e) all reasonably relevant approvals, consents, licences and/or permits of the Stock Exchange and other regulatory authority (where required) in relation to the transaction contemplated hereunder, having been obtained;
- (f) receipt by the Purchaser of a legal opinion in the form and substance satisfactory to the Purchaser by a practising lawyer in the PRC appointed by the Purchaser opining on, inter alia, the due incorporation, valid and continued existence of the Target Company's PRC Subsidiaries;

- (g) receipt by the Purchaser of a legal opinion in the form and substance satisfactory to the Purchaser by a practising lawyer in Hong Kong and certified accountant appointed by the Purchaser opining on, inter alia, the due incorporation, valid and continued existence of the Target Company's Hong Kong Subsidiary and the financial position of the Target Group as at 31 December 2016;
- (h) receipt by the Purchaser of a legal opinion in the form and substance satisfactory to the Purchaser by a practising lawyer in BVI appointed by the Purchaser opining on, inter alia, the due incorporation, valid and continued existence of the Target Company and the BVI Subsidiary;
- (i) all necessary or relevant filings of the resolutions of the directors or shareholders of the Target Group in connection with the execution and performance of the Agreement at any relevant government or regulatory body or other relevant third parties in Hong Kong, PRC and BVI or any other place having been made; all waiting period provided for under the laws of Hong Kong, PRC and BVI or any other relevant jurisdictions having expired or lapsed; and all applicable statutory or legal obligations having been complied with;
- (j) receipt by the Purchaser of a valuation report in form and substance satisfactory to the Purchaser from a firm of independent professional valuers appointed by the Purchaser showing the valuation of the entire equity interest of the Target Company to be not less than HK\$50 million; and
- (k) the Purchaser being satisfied that there have not been any events or changes which individually or collectively have or reasonably expected to have a material adverse effect on the overall business, condition (financial or otherwise), operating results and assets in respect of the Target Company since the date of the Agreement.

Long Stop Date

If any of the conditions above have not been fulfilled or waived by the Long Stop Date, the provisions of the Agreement shall from such date have no effect (other than the provisions relating to conditions precedents, announcements, costs, notices and government law and service of process), and in such event, the Vendor shall repay the Refundable Deposit to the Purchaser within 3 days from the date of the Agreement lapse and neither party to the Agreement shall have any liability thereunder, save and except any antecedent breaches.

Profit Guarantee

Pursuant to the Agreement, the Vendor irrevocably warrants and guarantees to the Purchaser that the Net Profit for the First Relevant Period, the Second Relevant Period and the Third Relevant Period (“**Relevant Periods**” and each a “**Relevant Period**”) will not be less than the following amounts (“**Guaranteed Profit**”):

Relevant Periods	Guaranteed Profit
First Relevant Period	HK\$13,000,000
Second Relevant Period	HK\$14,000,000
Third Relevant Period	HK\$15,000,000

If the Net Profit for a Relevant Period is less than the Guaranteed Profit for the Relevant Period or there is a Net Loss in the Relevant Period, then the Vendor shall pay to the Purchaser an amount calculated as follows:

$$\begin{aligned} &\text{If there is no Net Loss:} \\ &A = (\text{Guaranteed Profit} - \text{Net Profit}) \end{aligned}$$

$$\begin{aligned} &\text{If there is a Net Loss:} \\ &A = (\text{Guaranteed Profit} + \text{Net Loss}) \end{aligned}$$

In such event, the Vendor shall pay to the Purchaser a sum equivalent to “A” within 7 Business Days after the issue of the consolidated audited accounts for that Relevant Period.

Completion

Completion shall take place on the Completion Date at the office of the Purchaser after fulfilment or waiver (as the case maybe) of the conditions or on such other date as may be agreed between the Vendor and the Purchaser.

The Target Company is wholly-owned by the Vendor as at the date of this announcement. Upon Completion, the Purchaser will hold 100% of the issued share capital of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company.

INFORMATION OF THE PURCHASER

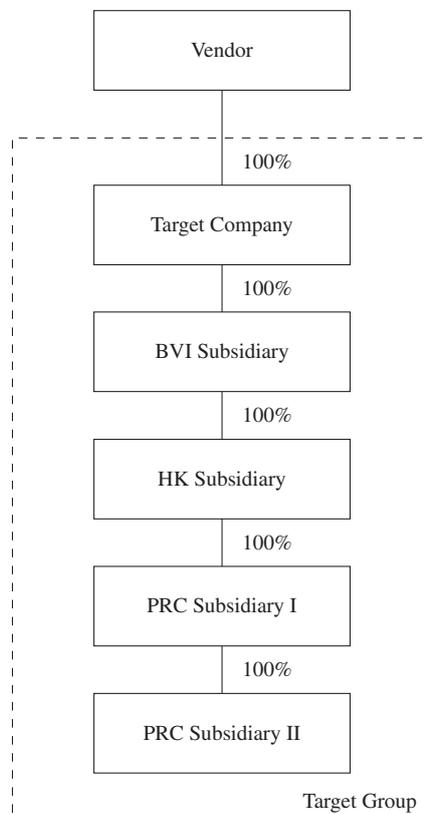
Eastern Pioneer Holdings Limited is a company incorporated under the laws of BVI and is an indirect wholly-owned subsidiary of the Company. It is an investment holding company. The Group is principally engaged in the organization and management of trade exhibitions and exhibitions management services.

INFORMATION OF THE TARGET GROUP

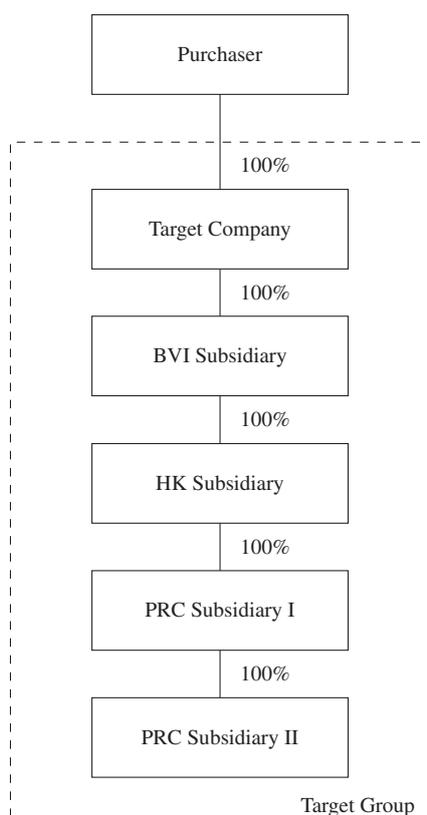
The Target Company is a company with limited liability incorporated under the laws of BVI on 25 October 2016. The Target Company is principally engaged in investment holding. The Target Company has no material assets and liabilities as at the date of this announcement. As at the date of this announcement, the Target Company has not generated any revenue and profit since its incorporation. Save for its 100% direct or indirect shareholding in the BVI Subsidiary, the Hong Kong Subsidiary and the PRC Subsidiaries, the Target Company has no any other business activities since its incorporation.

The following charts show the group structure of the Target Group (i) immediately before Completion; and (ii) immediately after Completion:

Immediately before Completion



Immediately after Completion



BVI Subsidiary

Splendor Reward Investment Limited is a company incorporated under the laws of BVI on 1 November 2016 with limited liability and a direct wholly-owned subsidiary of the Target Company. It is principally engaged in investment holding and has no material assets and liabilities as at the date of this announcement.

Hong Kong Subsidiary

Speed Reach Investment Holding Limited is a company incorporated under the laws of Hong Kong on 15 November 2016 with limited liability and an indirect wholly-owned subsidiary of the Target Company. It is principally engaged in investment holding and has no material assets and liabilities as at the date of this announcement.

PRC Subsidiary I

Shanghai Lin Yun Enterprise Management Consulting Co., Ltd.* 上海臨蘊企業管理諮詢有限公司 is a company established in the PRC on 19 December 2016 and an indirect wholly-owned subsidiary of the Target Company. It is principally engaged in management consulting, business information consulting, conference services, ceremonial services, exhibition services, marketing planning, corporate image planning and brand management consulting.

PRC Subsidiary II

Shanghai Lin Yun Exhibition Services Limited Liability Company* 上海臨蘊會展服務有限責任公司, a company established in the PRC on 30 December 2016 and an indirect wholly-owned subsidiary of the Target Company. It is principally engaged in conference services, exhibition services, ceremonial services, marketing planning, corporate image planning, management consulting, business information consulting and brand consulting and management.

Financial Information of the Target Group

The financial information of the Target Group as extracted from its unaudited management account is summarised as follows:

	For the period from 25 October 2016 to 31 December 2016 RMB (unaudited)
Revenue	–
Net loss before tax for the period	(240,590)
Net loss after tax for the period	(240,590)

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in management consulting, as well as the organisation of trade exhibitions and the provision of exhibition related service for other exhibition organisers or project managers.

The Board considers that the Acquisition is a valuable investment opportunity for the Company as it is in line with and compliments the Group's existing business of trade exhibitions and related services. Accordingly, the Directors believe that the Acquisition will enable the Company to strengthen and enhance its exhibition business in the PRC from the PRC Subsidiaries in light of the growing exhibition markets in the PRC which will broaden its income source.

As at 31 January 2017, the Target Group has entered into agreements in relation to exhibition services and conference services with its customers the terms of which range from 3 years to 5 years. The total amount of the agreements involved is more than RMB24 million and certain exhibition services have commenced in accordance with the terms of the agreements.

In consideration of the above, the Board considers that the terms of the Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition therefore constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As Completion is conditional upon fulfilment of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Agreement;
“Agreement”	the sale and purchase agreement dated 10 February 2017 entered into between the Purchaser and the Vendor in relation to the Acquisition;
“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day(s) (other than a Saturday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted at 10 a.m.) on which licenced banks are generally open for business in Hong Kong;
“BVI”	the British Virgin Islands;
“BVI Subsidiary”	Splendor Reward Investment Limited, a company incorporated under the laws of BVI with limited liability;
“Company”	Mega Expo Holdings Limited (stock code: 1360), a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on Main Board of the Stock Exchange;
“Completion”	completion of the Acquisition in accordance with terms and conditions of the Agreement;

“Completion Date”	the date falling within 5 Business Days after all of the conditions precedents set out in the Agreement have been satisfied (or waived thereof, where applicable) (or such other date as the Vendor and the Purchaser may agree);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“First Relevant Period”	the period commencing from 1 January 2017 and ending on 31 December 2017;
“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 PRC;
“Hong Kong Subsidiary”	Speed Reach Investment Holding Limited, a company incorporated under the laws of Hong Kong with limited liability;
“Independent Third Parties”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on Main Board of the Stock Exchange;
“Long Stop Date”	the date following two months from the date of the Agreement (or such of the date as the Vendor and the Purchaser may agree);

“Net Loss”	the net loss of the Target Group as set out in the audited consolidated accounts, such accounts shall be prepared by a Hong Kong Certified Public Accountants approved by the Purchaser in accordance with the Hong Kong Financial Reporting Standards within 3 months after the end of each of the Relevant Period;
“Net Profit”	the net profit of the Target Group as set out in the audited consolidated accounts, such accounts shall be prepared by a Hong Kong Certified Public Accountants approved by the Purchaser in accordance with the Hong Kong Financial Reporting Standards within 3 months after the end of each of the Relevant Period;
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
PRC Subsidiary I	Shanghai Lin Yun Enterprise Management Consulting Co., Ltd.* 上海臨蘊企業管理諮詢有限公司, a company established in the PRC on 19 December 2016 and an indirect wholly-owned subsidiary of the Target Company;
PRC Subsidiary II	Shanghai Lin Yun Exhibition Services Limited Liability Company* 上海臨蘊會展服務有限責任公司, a company established in the PRC on 30 December 2016 and an indirect wholly-owned subsidiary of the Target Company;
“PRC Subsidiaries”	PRC Subsidiary I and PRC Subsidiary II;
“Purchaser”	Eastern Pioneer Holdings Limited, a company incorporated under the laws of BVI and an indirect wholly-owned subsidiary of the Company;

“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	100 shares in the Target Company, representing the entire issued share capital of the Target Company;
“Second Relevant Period”	the period commencing from 1 January 2018 and ending on 31 December 2018;
“Share(s)”	ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Sparkle Mass Limited, a company incorporated under the laws of BVI with limited liability;
“Target Group”	Target Company together with the BVI Subsidiary, the Hong Kong Subsidiary and the PRC Subsidiaries;
“Third Relevant Period”	the period commencing from 1 January 2019 and ending on 31 December 2019;
“Vendor”	Mr. Liu Jiazhen; and
“%”	per cent.

By the order of the Board
Mega Expo Holdings Limited
Ge Jin
Chairman

Hong Kong, 10 February 2017

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

* *for identification purposes only*

APPENDIX I – LETTER FROM HLM

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西2-12號聯發商業中心305室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: info@hlm.com.hk

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

Dear Sirs,

Re: Discloseable Transaction – Valuation of 100% equity interest of Sparkle Mass Limited (the “Target Company”) and its subsidiaries (collectively, the “Target Group”) in relation to the acquisition of 100% equity interest in the Target Company

We refer to the discounted future cash flows on which the valuation (the “**Valuation**”) dated 10 February 2017 prepared by Peak Vision Appraisal Limited in respect of the valuation of 100% equity interest in the Target Group as at 31 January 2017 is based. The Valuation based on the discounted future cash flows and 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**”).

Directors’ Responsibilities

The directors of the Company (the “**Directors**”) are responsible for the preparation of the discounted future cash flows of the Target Group in accordance with the bases and assumptions (the “**Assumptions**”) determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future 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.

The firm applies Hong Kong Standard on Quality Control 1 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 Accountants’ Responsibility

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Group or an expression of an audit or review opinion on the Valuation. The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Review of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows has been properly compiled in all material respects in accordance with the bases and assumptions adopted by the directors as set out in the Valuation.

Yours faithfully,

HLM CPA Limited

Certified Public Accountants

Ho Pak Tat

Practising Certificate Number: P05215

Hong Kong

10 February 2017

APPENDIX II – LETTER FROM KINGSTON CORPORATE FINANCE RELATING TO THE PROFIT FORECAST

10 February 2017

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

Dear Sirs,

Discloseable transaction – valuation of entire equity interest of Sparkle Mass Limited (the “Target Company”) and its subsidiary (collectively, the “Target Group”) in relation to the acquisition of entire equity interest in the Target Company

Reference is made to the announcement of the Company dated 10 February 2017 (the “**Announcement**”) in respect of the acquisition of Sparkle Mass Limited. Unless defined otherwise, capitalised terms used in this letter shall have the same meaning as ascribed to them in the Announcement.

We refer to the projection of the future cash flows of the Target Group, which were prepared preliminary on a discounted cash flow basis provided by the management of the Group, underlying the valuation prepared by Peak Vision Appraisal Limited (the “**Valuer**”) in relation to the valuation of the business of the Target Group as at 31 January 2017 (the “**Valuation**”). The Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The Valuation, for which the directors of the Company (the “**Directors**”) are solely responsible, has been prepared based on, among other things, the projection of the future cash flows of the Target Group provided by the management of the Group (the “**Profit Forecast**”).

We have reviewed the Profit Forecast upon which the Valuation has been made and discussed with you on the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated 10 February 2017 addressed to you from HLM CPA Limited (“HLM”) regarding its opinion on the discounted future estimated cash flows of the Valuation is based which, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions determined by the Directors in the Valuation.

On the basis of the foregoing and on the bases and assumptions made by you and the calculations adopted by you and reviewed by HLM, we have formed the opinion that the Profit Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry. However, we express no opinion on whether the actual cash flows would eventually be achieved in correspondence with the Profit Forecast. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Our work in connection with the Profit Forecast has been undertaken solely for the strict compliance with Rule 14.61 of the Listing Rules and for no other purposes.

Yours faithfully,
Kingston Corporate Finance Limited
Gregory Ho
Managing Director