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REXLot Holdings Limited

御泰中彩控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

CONNECTED TRANSACTIONS IN RELATION TO ISSUE OF NEW SHARES AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

ISSUE OF NEW SHARES AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Board announces that on 7 April 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which, among other things, the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for (i) the Subscription Shares at the Subscription Price of HK\$0.134 per Subscription Share and (ii) the Convertible Bonds. The aggregate Subscription Price of the Subscription Shares is HK\$254,600,000 and the aggregate principal amount of the Convertible Bonds is HK\$348,000,000.

The Subscription Shares, being 1,900,000,000 new Shares, represent (i) approximately 18.95% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.93% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes to the issued share capital of the Company from the date of this announcement and prior to Completion).

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.145 per Share, a total of 2,400,000,000 Conversion Shares will be issued by the Company, representing (i) approximately 23.93% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 19.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there are no other changes to the issued share capital of the Company from the date of this announcement and prior to Completion); and (iii) approximately 16.75% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Subscription Shares (assuming there are no other changes to the issued share capital of the Company from the date of this announcement and prior to Completion).

The Subscription Shares and the Conversion Shares (when issued) shall rank *pari passu* in all respects with the existing Shares in issue as at the Completion Date.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares.

LISTING RULES IMPLICATIONS

As the Subscriber is holding 1,187,640,997 Shares (representing approximately 11.84% of the total issued share capital of the Company and is a company wholly-owned by VC (a Director and a substantial shareholder of the Company)), the Subscriber is a substantial shareholder of the Company and is an associate of VC, hence a connected person of the Company under the Listing Rules.

Accordingly, the Share Subscription and the CB Subscription constitute connected transactions of the Company under the Listing Rules and are subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As VC has a material interest in the Subscription Agreement and the transactions contemplated thereunder, VC has abstained from voting on the relevant Board resolution.

SGM

The SGM will be held and convened for the Independent Shareholders to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Any Shareholder who is interested in the Share Subscription and the CB Subscription shall abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM. To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, save for VC and its associates, no Shareholder is interested in the Share Subscription and the CB Subscription and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transaction contemplated thereunder at the SGM.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Share Subscription and the CB Subscription; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the

Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. The despatch date of the circular is expected to be on or before 8 May 2017 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Completion is conditional upon satisfaction of certain conditions precedent under the Subscription Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

INTRODUCTION

The Board announces that on 7 April 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which, among other things, the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for (i) the Subscription Shares at the Subscription Price of HK\$0.134 per Subscription Share and (ii) the Convertible Bonds in the aggregate principal amount of HK\$348,000,000. Details of the Subscription Agreement and the principal terms of the Convertible Bonds are set out below.

THE SUBSCRIPTION AGREEMENT

Date

7 April 2017 (after trading hours)

Parties

- (i) the Company (as Issuer); and
- (ii) Keen Start (as Subscriber)

Issue and subscription of the Subscription Shares and the Convertible Bonds

Pursuant to the Subscription Agreement, the Company has, among other things, conditionally agreed to allot and issue to the Subscriber and the Subscriber has conditionally agreed to subscribe for (i) the Subscription Shares at the Subscription Price of HK\$0.134 per Subscription Share and (ii) the Convertible Bonds. The aggregate Subscription Price of the Subscription Shares is HK\$254,600,000 and the aggregate principal amount of the Convertible Bonds is HK\$348,000,000.

The Subscription Shares, being 1,900,000,000 new Shares, represent (i) approximately 18.95% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.93% of the issued share capital of the Company as enlarged by the Subscription Shares (assuming there are no other changes to the issued share capital of the Company from the date of this announcement and prior to Completion). The aggregate nominal value of the Subscription Shares (with a par value of HK\$0.01 each) is HK\$19,000,000.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.145 per Share, a total of 2,400,000,000 Conversion Shares will be issued by the Company, representing (i) approximately 23.93% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 19.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there are no other changes to the issued share capital of the Company from the date of this announcement and prior to Completion); and (iii) approximately 16.75% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Subscription Shares (assuming there are no other changes to the issued share capital of the Company from the date of this announcement and prior to Completion). The aggregate nominal value of the Conversion Shares (with a par value of HK\$0.01 each) is HK\$24,000,000.

Subscription Price of Subscription Shares

The Subscription Price of the Subscription Shares is HK\$0.134 per Subscription Share, representing:

- (i) a premium of approximately 15.52% over the closing price of HK\$0.1160 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 14.73% to the average closing price of HK\$ 0.1168 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 10.29% to the average closing price of HK\$0.1215 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among others, the prevailing market price of the Shares.

The net price of each Conversion Share, based on the initial Conversion Price, is approximately HK\$0.144; and the net price of each Subscription Share is approximately HK\$0.133.

Conditions Precedent

Completion of the Share Subscription and the CB Subscription is subject to the fulfilment of the following conditions:

- (i) the granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares and such approval not being revoked prior to Completion Date;
- (ii) the approval of the Subscription Agreement, the bond instrument and the bond certificate and the transactions contemplated thereunder by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at the SGM;
- (iii) the Company having obtained any consent from the relevant governmental or regulatory authorities or other third parties which are necessary to be obtained for the execution and performance of the Subscription Agreement, the bond instrument and the bond certificate by the Company and any of the transactions contemplated therein;
- (iv) the representations and warranties of the Company contained in the Subscription Agreement, the bond instrument or the bond certificate being true, accurate and correct in all material respects during the period beginning on the date of the Subscription Agreement and ending on the Completion Date;
- (v) the Company having duly performed and observed all the obligations, undertakings, covenants and agreements required to be performed and observed by it prior to the Completion Date under the Subscription Agreement, the bond instrument and the bond certificate; and
- (vi) no default is continuing or would result from the proposed issue by the Company of the Subscription Shares, the Convertible Bonds or the Conversion Shares to the Subscriber.

The conditions precedent in (i), (ii) and (iii) (insofar as it related to government or regulatory approvals) cannot be waived by either party to the Subscription Agreement. The conditions precedent in (iv) to (vi) may be waived by the Subscriber in its sole and absolute discretion. Subject to the foregoing, if any of the above conditions precedent has not been fulfilled or waived (if applicable) by the Subscriber on or before 31 May 2017 (or such later date as may be agreed by the parties to the Subscription Agreement in writing provided that such date is on or before 30 June 2017 (or such later date as may be agreed by the parties to the Subscription Agreement in writing)), then the Subscription Agreement shall lapse immediately thereafter and be of no further effect and no party to the Subscription Agreement shall have any claim against or liability or obligation to any other party save for any rights or obligations which may accrue prior to the date of such termination.

Completion

Completion shall take place on the Completion Date in accordance with the terms of the Subscription Agreement.

Ranking

The Subscription Shares and the Conversion Shares (when issued) shall rank *pari passu* in all respects with the existing Shares in issue as at the Completion Date.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Issuer	: the Company
Subscriber	: Keen Start
Principal Amount:	: up to HK\$348,000,000 principal amount of its 3.00% convertible bonds due 2022, convertible into fully paid ordinary shares with a par value of HK\$0.01 each in the issued and paid up capital of the Company
Issue Date	: 31 May 2017 or such later date as may be agreed between the Issuer and the Subscriber (the “ Issue Date ”)
Issue Price	: 100% of the principal amount of the Convertible Bond
Form and Denomination:	: The Convertible Bonds are and will be issued in registered form, in denominations of HK\$2,000,000 each
Maturity Date:	: The date falling 5 years after the Issuer Date (the “ Maturity Date ”)
Interest:	: The Convertible Bonds bear interest at the rate of 3.00% per annum payable semi-annually in arrear on the month and date falling 6 months after the Issue Date and the month and date falling 12 months after the Issue Date in each calendar year
Negative Pledge	: So long as any Convertible Bond remains outstanding, the Company shall not, and the Company shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest, upon the whole or any part of its present or future undertaking, asset or revenues (including uncalled capital) to secure any Relevant Indebtedness, or guarantee of the Relevant Indebtedness without (i) at the same time or prior thereto securing the Convertible Bonds equally and rateably therewith to the satisfaction of the Bondholders; or (ii) providing such other security for the Convertible Bonds as the Bondholders may in its absolute discretion consider to be not materially less beneficial to

the interests of the Bondholders, save for any Security Interest created over any undertaking, assets or revenues of a subsidiary incorporated in the PRC to secure any Relevant Indebtedness or any guarantee of the Relevant Indebtedness of a subsidiary incorporated in the PRC where such Relevant Indebtedness is issued, offered or provided in the PRC

Conversion Period : On or after 40 calendar days after the Issue Date up to the close of business on the 10th calendar day prior to the Maturity Date

Restrictions on Conversion : Notwithstanding anything provided in the bond instrument, the Conversion Rights of the Bondholder and the Company's obligation to effect any conversion in respect of any conversion notice shall be subject to the Company's compliance with Rule 8.08(1)(a) of the Listing Rules on the Conversion Date. For the avoidance of doubt, the Company shall not be obliged to issue any Conversion Share to the Bondholder if the above conditions is not met on the Conversion Date

Conversion Price : The initial Conversion Price is HK\$0.145 per Share, representing:

- (i) a premium of 25% over the closing price of HK\$0.1160 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 24.14% over the average closing price of HK\$0.1168 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 19.34% over the average closing price of HK\$0.1215 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among others, the prevailing market price of the Shares.

The Conversion Price will be subject to adjustment for, among other things, consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, distributions, rights issue of shares or options over shares at less than 95% of the then current market price, rights issue of other securities, issues at less than 95% of the then current market price, other issues at 95% less than the then current market price, modification of conversion rights to less than 95% of the then current market price, other offers to shareholders, Change of Control and other dilutive events as detailed in the bond instrument. The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, Shares would fall to be issued at a discount to their par value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong or Bermuda

- Final Redemption : Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the bond instrument, the Company will redeem each Convertible Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date
- Redemption at the option of the Company : On giving not less than 30 nor more than 60 calendar days' notice to the Bondholders (which notice will be irrevocable), the Company may (i) at any time after the date falling 3 years after the Issue Date and prior to the Maturity Date redeem in whole, or in part, the Convertible Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption, provided that the closing price of the Shares for each of 20 consecutive Trading Days, the last of which occurs not more than five Trading Days prior to the date upon which notice of such redemption is published was at least 130% of the prevailing Conversion Price; or (ii) at any time prior to the Maturity Date redeem in whole, but not in part, the Convertible Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90% in principal amount of the Convertible Bonds originally issued has already been converted, redeemed or purchased and cancelled. If there shall occur an event giving rise to a change in the Conversion Price during any such 20 Trading Day period, appropriate adjustments for the relevant days shall be made, as determined by an Investment Bank, for the purpose of calculating the closing price for such days.

Redemption for Delisting, Suspension of Trading or Change of Control	: If at any time (i) the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Stock Exchange or if, applicable, the Alternative Stock Exchange; or (ii) there is a Change of Control, the holder of each Convertible Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Convertible Bonds at their principal amount with interest accrued to the relevant date for redemption
Redemption at the option of the Bondholders	The Company will, at the option of the holder of any Convertible Bond redeem all or some only of such holder's Convertible Bonds on the date falling 3 years after the Issue Date (the “ Put Option Date ”) at their principal amount together with interest accrued to the Put Option Date.
Mandatory offer obligation	If applicable, each relevant Bondholder undertakes that it will, and will procure its parties acting in concert within the meaning of the Takeovers Code, to comply with their respective obligations under the Takeovers Code, including the mandatory offer obligations under Rule 26.1 of the Takeovers Code, within the timeframe prescribed by the Takeovers Code, or where applicable, obtain a whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
Listing	: An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares
Transferability	: The Convertible Bonds are freely transferable
Status	: The Convertible Bonds constitute direct, unconditional, unsubordinated and (subject to the terms and conditions) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the terms and conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations

INFORMATION ON THE GROUP AND THE SUBSCRIBER

The Group is principally engaged in lottery system and games development business and distribution and marketing of lottery products in the PRC.

The Subscriber is principally engaged in investment holding.

REASONS FOR THE SHARE SUBSCRIPTION AND THE CB SUBSCRIPTION AND INTENDED USE OF PROCEEDS

The gross proceeds and the net proceeds (after deducting professional fees and other related expenses) from the Share Subscription and the CB Subscription will be approximately HK\$602,600,000 and HK\$600,100,000 respectively. The net proceeds of the Share Subscription and CB Subscription are intended to be utilised to repay the Company's existing loans which include any shareholder's loans due to VC or his associates, and will also be used for general working capital of the Company.

The Board believes that after the Completion and repayment of the existing loans, the Company will be able to strengthen its capital structure and resume a sound financial position underpinned by improved overall cash flow, gearing and liquidity position which will allow the Company to pursue its business strategy and re-focus the Group on growing its business in the long-run. In addition, as a sign of support of the Company, VC has agreed and undertaken to the Company that any of the shareholder's loans due to VC or his associates would not need to be repaid until the aggregate outstanding principal amount of the existing convertible bonds due 2017 and 2019 previously issued by the Company (other than the convertible bonds beneficially held by VC), together with any accrued but unpaid interest thereon, have been repaid in full.

The Directors (excluding VC and excluding the independent non-executive Directors who will form their views after considering the recommendation of the independent financial adviser) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not carried out any issue of equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Subscription Shares but before the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there are no other changes to the issued share capital of the Company from the date of this announcement and prior to Completion); and (iii) immediately after the allotment and issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there are no other changes to the issued share capital of the Company from the date of this announcement and prior to Completion):

	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares but before the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there are no other changes to the issued share capital of the Company from the date of this announcement and prior to Completion)		Immediately after the allotment and issue of the Subscription Shares and the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there are no changes to the issued share capital of the Company from the date of this announcement and prior to Completion)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
VC ^{Note(1)}	1,494,941,855	14.91	3,394,941,855	28.46	5,794,941,855	40.44
Public Shareholders	8,533,553,483	85.09	8,533,553,483	71.54	8,533,553,483	59.56
Total	10,028,495,338	100.00	11,928,495,338	100.00	14,328,495,338	100.00

Note:

- (1) Among these Shares, 1,187,640,997 Shares are held by Keen Start and 307,300,858 Shares are held by Kingly. Keen Start and Kingly are indirectly wholly-owned by VC. VC also has personal interests in 5,000,000 underlying Shares derived from share option granted by the Company on 29 September 2016. Kingly is a holder of the Company's 4.50% convertible bonds due 2019 in the outstanding principal amount of HK\$87,063,550.50.

LISTING RULES IMPLICATIONS

As the Subscriber is holding 1,187,640,997 Shares (representing approximately 11.84% of the total issued share capital of the Company and is a company wholly-owned by VC (a Director and a substantial shareholder of the Company)), the Subscriber is a substantial shareholder of the Company and is an associate of VC, hence a connected person of the Company under the Listing Rules.

Accordingly, the Share Subscription and the CB Subscription constitute connected transactions of the Company under the Listing Rules and are subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As VC has a material interest in the Subscription Agreement and the transactions contemplated thereunder, VC has abstained from voting on the relevant Board resolution.

SGM

The SGM will be held and convened for the Independent Shareholders to consider, and if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate).

Any Shareholder who is interested in the Share Subscription and the CB Subscription shall abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM. To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, save for VC and its associates, no Shareholder is interested in the Share Subscription and the CB Subscription and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transaction contemplated thereunder at the SGM.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to make recommendation to the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Share Subscription and the CB Subscription; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter of recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. The despatch date of the circular is expected to be on or before 8 May 2017 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Completion is conditional upon satisfaction of certain conditions precedent under the Subscription Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“Affiliate(s)”	of any specified Person means any other Person, directly or indirectly, Controlling or Controlled by or under direct or indirect common Control with such specified Person;
“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Bondholder(s)”	holder(s) of the Convertible Bonds from time to time;
“CB Subscription”	the subscription of the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement;
“Change of Control”	occurs when: (a) any Person or Persons or any of his Affiliates, executors, administrators or successors, acquires Control of the Company; or (b) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or the successor entity;
“Company” or “Issuer”	REXLot Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Share Subscription and the CB Subscription;

“Completion Date”	31 May 2017 or such other date as the Issuer and the Subscriber may agree in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Control”	the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;
“Conversion Date”	the conversion date in respect of the Convertible Bonds;
“Conversion Price”	the initial conversion price of the Convertible Bonds of HK\$0.145 per Conversion Share, subject to adjustments in the manner provided in the bond instrument;
“Conversion Rights”	the rights of a Bondholder to convert any Convertible Bond into Shares;
“Conversion Shares”	any Shares to be issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bonds at the Conversion Price;
“Convertible Bonds”	convertible bonds in a principal amount of HK\$348,000,000 to be issued by the Company pursuant to the Subscription 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\$” or “HKD” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	an independent committee of the Board appointed to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than VC and his associates;
“Investment Bank”	an investment bank of international repute, acting as an expert, selected by the Company;

“Issue Date”	has the meaning ascribed to it in this announcement;
“Keen Start” or “Subscriber”	Keen Start Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is indirectly held by VC as at the date of this announcement;
“Kingly”	Kingly Profits Corporation, a company incorporated in the British Virgin Islands, the entire issued share capital of which is indirectly held by VC as at the date of this announcement;
“Last Trading Day”	7 April 2017, being the last full trading day immediately before the time at which the Subscription Agreement is signed;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Maturity Date”	has the meaning ascribed to it in this announcement;
“Person(s)”	include any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the (i) Board or any other governing board or (ii) the Company's wholly-owned direct or indirect Subsidiaries;
“PRC”	the People’s Republic of China;
“Put Option Date”	has the meaning ascribed to it in this announcement;
“Relevant Indebtedness”	any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate, depositary receipt, bill of exchange or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), whether or not initially distributed by way of private placement and for the avoidance of doubt shall not include indebtedness under any bi-lateral loan, non-transferable loan or loan facility or transferable loan or loan facility;

“Security Interest”	any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SGM”	a special general meeting of the Company to be convened to approve the Subscription Agreement and the transactions contemplated thereunder;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company;
“Share Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Shareholder(s)”	the holder(s) of the Share(s);
“Specific Mandate”	the specific mandate to allot and issue the Subscription Shares and the Conversion Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Agreement”	the conditional subscription agreement date 7 April 2017 entered into by the Company and the Subscriber in relation to the Share Subscription and the CB Subscription;
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Subscription Price”	a subscription price of HK\$0.134 per Share;
“Subscription Shares”	1,900,000,000 new Shares;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers administered by the SFC;
“Trading Day”	a day when the Stock Exchange or, as the case maybe, an Alternative Stock Exchange is open for dealing business;

“VC”

Mr. Chan How Chung, Victor, a Director and a substantial shareholder (within the meaning of the Listing Rules) of the Company; and

“%”

per cent.

By Order of the Board
Ng Yuen Yee
Company Secretary

Hong Kong, 7 April 2017

As at the date of this announcement, the Board comprises two executive directors namely Mr. Chan How Chung, Victor and Mr. Boo Chun Lon and three independent non-executive directors namely Mr. Yuen Wai Ho, Mr. Chow Siu Ngor and Mr. Lee Ka Lun.