

**MEGA EXPO HOLDINGS LTD:
THIS FLOTATION MAY NOT EVEN GET OFF THE GROUND**

Prospective investors of Mega Expo Holdings Ltd (Code: 1360, Main Board, The Stock Exchange of Hongkong), one of the latest of a batch of companies that is vying for the honour of wearing the purple robe of office on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), has published what amounts to a not-so-veiled warning about this Initial Public Offering (IPO).

Page 217 of the Share Offer Prospectus, dated October 25, 2013, states in boldface:

'If, for any reason, our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Coordinator (acting on behalf of all the Underwriters) are unable to reach agreement on the Offer Price on or before Monday, 4 November 2013, the Share Offer will not proceed and will lapse.'

The above statement is a given and it is well understood by the investing public of the HKSAR, but the very fact that the statement is boldly published and printed – even deep in the depths of this Share Offer Prospectus – so as to catch the attention of anybody, scanning this hand-on-the-heart document, should, in the opinion of **TARGET** (), suggest, very strongly, that Management of this Company is not completely certain as to the prospects of obtaining that which is the rationale behind the flotation.

The Share Offer is 60 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from \$HK1.23 to \$HK1.33.

Of the 60 million Shares on Offer, 10 million Shares are designated as being 'Sale Shares'; the other 50 million Shares are New Shares.

Although **TARGET** cannot find any definitive reference as to the identity of the Selling Shareholders, it appears that they must be those, belonging to the Controlling Shareholders: Messrs Lee Chi Sang () and Cheung Shui Kwai () via Business Good Holdings Ltd () as is suggested at Page 12 of the Share Offer Prospectus.

Messrs Lee and Cheung own, respectively, 93.20 percent and 6.80 percent of the Issued and Fully Paid-Up Share Capital of Business Good, which, in turn, owns 70 percent of the Issued and Fully Paid-Up Share Capital of Mega Expo.

The Investing Public is being Offered 30 percent of the Issued Share Capital of the Company, 6 million Shares, being Offered, and 44 million Shares, being Placed with, presumably, Institutional Investors.

If a sufficient number of Placees can be located, that is.

The flotation of Mega Expo is to garner about \$HK33.70 million, net of expenses, based on an Offer Price of \$HK1.28, being the midpoint of the Indicative Offer Price Per Share.

That amount of money is to be utilised as follows, one is told at Page 205 of the Prospectus:

1. About 60 percent of the net proceeds, that is about \$HK20.20 million, *'will be applied to organise or develop new exhibitions or for consideration of potential acquisition opportunities or for cooperation with other players in the exhibition industry in Hong Kong or overseas (including but not limited to Poland, Macau, UK and the PRC)'*;
2. About 30 percent of the net proceeds, that is about \$HK10.10 million, *'will be applied to expand existing exhibitions organised by our Group including the Mega Shows, Berlin Expo, Vegas Expo and Singapore Asia Expo, by increasing our marketing, including but not limited to launching advertising campaign and expanding our market contacts on visitors and exhibitors'*; and,
3. About 10 percent of the net proceeds, that is about \$HK3.40 million, to be used as Working Capital and anything else that the Executive determines.

The Business and History

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