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Mengke Holdings Limited

盟科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1629)

**ANNOUNCEMENT
PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE,
RULE 13.09 OF THE LISTING RULES
AND THE INSIDE INFORMATION PROVISIONS
UNDER PART XIVA OF THE SECURITIES AND FUTURES
ORDINANCE
AND
RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

THE MOUs

The Board was informed by the Selling Shareholders that, on 31 July 2018, each of Happily Soar and Liberal Rite entered into a MOU with the Potential Buyers. The MOUs set out certain preliminary terms in relation to the Possible Transactions regarding the possible sale of the 375,000,000 Sale Shares (representing 75% of the total number of issued Shares as at the date of this announcement) held by Happily Soar and Liberal Rite to the Potential Buyers, which if materialised, may lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued Shares (other than those already owned by or agreed to be acquired by the Potential Buyers or parties acting in concert with them). As at the date of this announcement, Happily Soar and Liberal Rite hold 281,252,000 Shares and 93,748,000 Shares, representing approximately 56.25% and 18.75% of the total number of issued Shares.

The Selling Shareholders and the Potential Buyers will enter into further negotiations based on the principal terms and conditions of the MOUs with a view to enter into the Formal Agreements upon completion of the Due Diligence to be conducted by the Potential Buyers.

The terms of the Happily Soar MOU and Liberal Rite MOU are substantially similar except for the names and the number of Sale Shares held by the relevant Selling Shareholders and that no Deposit (as defined below) is required to be paid by Potential Buyer A under the Liberal Rite MOU.

The principal terms of the MOUs are as follows:

Due Diligence

The Potential Buyers will commence the Due Diligence on the Group after the signing of the MOUs. The Potential Buyers and their advisors shall conduct the Due Diligence within the Prescribed Period, which shall be a period of 60 days after the date of the MOUs.

To facilitate the carrying out of the Due Diligence by the Potential Buyers, the Selling Shareholders will and will procure the Company to make available to the Potential Buyers and their advisors the information and documents which are reasonably requested by the Potential Buyers or their advisors for the purpose of conducting the Due Diligence.

Purchase Price and Deposit

The purchase price with respect to the Possible Transactions will be agreed based on the Due Diligence to be conducted by the Potential Buyers.

Under the Happily Soar MOU, Potential Buyer A agreed to issue a bank draft in the sum of HK\$30,000,000 in favour of Happily Soar as Deposit on the date of the Happily Soar MOU.

Formal Agreements

The terms with respect to the Possible Transactions as the parties to the MOUs may mutually agree shall be set out in the Formal Agreements.

Exclusivity

Each of the Selling Shareholders agreed that during the Prescribed Period (or such extended period as agreed between the parties to the relevant MOU in writing), it will not directly or indirectly enter into any (or continue any existing) negotiations with any person or company (other than the Potential Buyers) for the sale of any Sale Shares, and it will procure its group members (where applicable) not to, directly or indirectly through any associated company, senior management, directors, agents, consultants or any other persons to enter into the said negotiations.

Termination and Return of Deposit

Each of the MOUs will be terminated upon the earlier of (i) the execution of the relevant Formal Agreements; or (ii) the expiry of the Prescribed Period.

Pursuant to the Happily Soar MOU, the repayment arrangements regarding the Deposit are as follows:

- (i) If the Formal Agreement is entered into or the Happily Soar MOU is terminated by the Potential Buyers due to any adverse finding in the Due Diligence, the Deposit shall be returned to Potential Buyer A in full.
- (ii) If no Formal Agreement is entered into upon expiry of the Prescribed Period without any material adverse finding in the Due Diligence of the Potential Buyers or there is any material breach of the Happily Soar MOU by the Potential Buyers, the Potential Buyers shall pay HK\$5,000,000 to Happily Soar as compensation while the Deposit shall be returned to Potential Buyer A in full.
- (iii) If the Happily Soar MOU is terminated unilaterally by Happily Soar, the Deposit shall be returned to Potential Buyer A in full and Happily Soar shall pay HK\$5,000,000 to Potential Buyer A as compensation.

Binding Effect

The MOUs are only intended to set forth the intentions of the parties thereto with respect to the terms for the Possible Transactions as a basis for negotiation on the Formal Agreement(s), and are not intended to be and shall not constitute (save for the terms relating to binding effect, exclusivity, confidentiality, due diligence, legal costs, termination and return of deposit, governing law and jurisdiction) binding or legally enforceable agreements between the parties thereto.

SECURITIES OF THE COMPANY

As at the date of this announcement, the Company has a total of 500,000,000 Shares in issue. Save for the aforesaid, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue.

As at the date of this announcement, Happily Soar holds 281,252,000 Shares (representing approximately 56.25% of the total number of issued Shares) and Liberal Rite holds 93,748,000 Shares (representing approximately 18.75% of the total number of issued Shares).

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, the Board will keep the market informed in compliance with the Listing Rules and the Takeovers Code and in particular by way of announcement on a monthly basis until the Company publishes an announcement of (i) a firm intention to make an offer under Rule 3.5 of the Takeovers Code; or (ii) a decision not to proceed with an offer is made.

DEALING DISCLOSURES

For the purpose of the Takeovers Code, the offer period commences on the date of this announcement, being 2 August 2018. In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code which includes, among others, any

“Company”	Mengke Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Deposit”	the deposit in the sum of HK\$30,000,000 paid by Potential Buyer A to Happily Soar under the Happily Soar MOU
“Directors”	directors of the Company
“Due Diligence”	the due diligence to be conducted by the Potential Buyers on the Group
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“Formal Agreement(s)”	formal agreement(s) for the sale and purchase of the Sale Shares to be entered into by each of Happily Soar and Liberal Rite with the Potential Buyers with respect to the Possible Transaction(s)
“Group”	the Company and its subsidiaries
“Happily Soar”	Happily Soar Limited, a company incorporated in the BVI with limited liability, which holds 281,252,000 Shares (representing approximately 56.25% of the total number of issued Shares) as at the date of this announcement
“Happily Soar MOU”	the memorandum of understanding entered into on 31 July 2018 between Happily Soar and the Potential Buyers in relation to the Possible Transaction (Happily Soar)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Liberal Rite”	Liberal Rite Limited, a company incorporated in the BVI with limited liability, which holds 93,748,000 Shares (representing approximately 18.75% of the total number of issued Shares) as at the date of this announcement
“Liberal Rite MOU”	the memorandum of understanding entered into on 31 July 2018 between Liberal Rite and the Potential Buyers in relation to the Possible Transaction (Liberal Rite)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOUs”	the Happily Soar MOU and the Liberal Rite MOU
“Possible Transaction (Happily Soar)”	the possible acquisition of the Sale Shares (Happily Soar) by the Potential Buyers from Happily Soar pursuant to the Happily Soar MOU
“Possible Transaction (Liberal Rite)”	the possible acquisition of the Sale Shares (Liberal Rite) by the Potential Buyers from Liberal Rite pursuant to the Liberal Rite MOU
“Possible Transactions”	the Possible Transaction (Happily Soar) and the Possible Transaction (Liberal Rite)
“Potential Buyer A”	one of the potential buyers of the Sale Shares who is, to the best knowledge of the Board, an independent third party not connected with the Company and its connected persons
“Potential Buyer B”	one of the potential buyers of the Sale Shares who is, to the best knowledge of the Board, an independent third party not connected with the Company and its connected persons
“Potential Buyers”	Potential Buyer A and Potential Buyer B
“Prescribed Period”	a period of 60 days following the date of the respective MOUs
“Sale Shares”	the Shares currently held by the Selling Shareholders
“Sale Shares (Happily Soar)”	the 281,252,000 Shares currently held by Happily Soar, representing approximately 56.25% of the total number of issued Shares
“Sale Shares (Liberal Rite)”	the 93,748,000 Shares currently held by Liberal Rite, representing approximately 18.75% of the total number of issued Shares
“Selling Shareholders”	Happily Soar and Liberal Rite, and the term “Selling Shareholder” shall refer to any one of them
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code” the Code on Takeovers and Mergers published by the SFC
“%” per cent.

By order of the Board
Mengke Holdings Limited
Zhang Weixiang
Chairman and non-executive Director

Hong Kong, 2 August 2018

As at the date of this announcement, the Board comprises Mr. Fu Mingping as executive Director, Mr. Zhang Weixiang as non-executive Director and Mr. Cheng Tai Kwan Sunny, Mr. Tan Yik Chung Wilson and Mr. Yick Ting Fai Jeffrey as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.