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REX Global Entertainment Holdings Limited

御濠娛樂控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 164)

**(1) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

PLACING AGENT



Innovax Capital Limited

THE PLACING

On 14 January 2016 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 25,000,000,000 Shares, to not less than six Placees who and whose beneficial owners will be Independent Third Parties at the Placing Price of HK\$0.032 per Share. The Placing Shares will be allotted and issued pursuant to the Specific Mandate. The transactions contemplated under the Placing Agreement, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares, are subject to the approval of the Shareholders at the SGM.

The Placing Shares in aggregate represent: (i) approximately 330.81% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 76.79% of the Enlarged Share Capital.

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be HK\$800,000,000 and the net proceeds will be approximately HK\$790,000,000 (after deduction of placing commission and other expenses of the Placing). The net proceeds are intended to be applied to finance the transactions contemplated under the Sale and Purchase Agreement and as general working capital of the Group.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$150,000,000 divided into 15,000,000,000 Shares, of which 7,557,195,617 Shares are in issue. In order for the Company to carry out the Placing, the Board proposes to increase the authorised share capital of the Company to HK\$650,000,000 divided into 65,000,000,000 Shares by the creation of an additional 50,000,000,000 Shares which shall rank *pari passu* with the existing Shares in all respects upon allotment and issue. The Increase in Authorised Share Capital is subject to the approval of the Shareholders at the SGM.

GENERAL

The SGM will be convened and held for the Shareholders to consider, and if thought fit, to approve, among other things, (i) the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares, and (ii) the Increase in Authorised Share Capital.

A circular containing, among other things, further details about the Placing and the Increase in Authorised Share Capital, together with the notice of the SGM and a related form of proxy, is expected to be despatched to the Shareholders on or before 24 February 2016.

Shareholders and potential investors should note that Completion is subject to the satisfaction of the conditions set out in the Placing Agreement and the Placing may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 14 January 2016 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 25,000,000,000 Shares, to not less than six Placees who and whose beneficial owners will be Independent Third Parties at the Placing Price of HK\$0.032 per Share. The Placing Shares will be allotted and issued pursuant to the Specific Mandate.

The principal terms and conditions of the Placing Agreement are as follows:

THE PLACING AGREEMENT

Date

14 January 2016

Issuer

The Company

Placing Agent

Innovax Capital Limited

The Placing Agent conditionally agreed to place up to 25,000,000,000 Shares on a best efforts basis. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Agent will place the Placing Shares to not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) will be Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) immediately after Completion. If any of the Placees becomes a substantial Shareholder immediately after Completion, a further announcement will be made by the Company.

Number of the Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the Placing Shares in aggregate represent: (i) approximately 330.81% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 76.79% of the Enlarged Share Capital.

The aggregate nominal value of the Placing Shares will be HK\$250,000,000.

Ranking of the Placing Shares

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.032 per Share represents:

- (a) a discount of approximately 84.08% to the closing price of HK\$0.201 per Share as quoted on the Stock Exchange on 14 January 2016, being the date of the Placing Agreement; and
- (b) a discount of approximately 83.59% to the average of the closing prices of HK\$0.195 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares up to and including the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the unaudited net asset value of the Group as at 30 September 2015 and after taking into account that each Placee will be subject to a lock-up period of 24 months from the date of allotment and issue of the Placing Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Proceeds of the Placing

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be HK\$800,000,000 and the net proceeds will be approximately HK\$790,000,000 (after deduction of placing commission and other expenses of the Placing). On such basis, the net issue price of the Placing Shares will be approximately HK\$0.0316 per Share. Approximately HK\$700,000,000 of the net proceeds are intended to be applied to finance the transactions contemplated under the Sale and Purchase Agreement, comprising (i) the consideration for the acquisition of 30% equity interest in the Target Company; (ii) the consideration for the assignment of the debts owed by Yota Devices Ltd to Telconet Capital Limited Partnership under the Bridge Loan Agreement (as defined in the Announcement); and (iii) the loan to be granted by the Company to Yota Devices IPR Ltd under the Yota BVI Loan Agreement (as defined in the Announcement), while the remaining balance is intended to be applied as general working capital of the Group.

The Specific Mandate

The Company proposes to seek the grant of the Specific Mandate from the Shareholders at the SGM for the allotment and issue of the Placing Shares.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon satisfaction of the following:

- (a) the Shareholders having approved the Specific Mandate to issue the Placing Shares at the SGM;
- (b) the Shareholders having approved the Increase in Authorised Share Capital at the SGM;
- (c) satisfaction of the conditions under the Sale and Purchase Agreement (other than conditions which are to be satisfied on completion of the Sale and Purchase Agreement or otherwise waived in accordance with the Sale and Purchase Agreement);

- (d) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Placing Shares; and
- (e) each Placee having executed a lock-up undertaking in the form set out in the Placing Agreement.

None of the above conditions can be waived.

If any of the above conditions has not been fulfilled on or before 31 March 2016 (or such other date as may be agreed between the Company and the Placing Agent in writing), all of the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine. The Placing will not proceed in the event that the transactions contemplated under the Sale and Purchase Agreement do not proceed to completion.

Completion

Completion will take place on the third Business Day following the day on which the last of the conditions for the Placing set out above is satisfied (or such other date as may be agreed between the Company and the Placing Agent).

Termination and force majeure

The Placing Agent shall have the right to terminate its obligations in the Placing Agreement at any time prior to 8:00 a.m. on the date of Completion on the occurrence of force majeure which includes but is not limited to:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially or adversely affect the business or the financial and trading position or prospects of the Group; or

- (b) 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, on and/ or after the date of the Placing Agreement) of a political, military, financial, economic, currency or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict or affecting local securities markets which may in the reasonable opinion of the Placing Agent materially or adversely affect the business or the financial and trading position or prospects of the Group; or
- (c) any material adverse change in stock market conditions (including without limitation suspension or material restriction on trading in securities generally) occurs which affects the success of the Placing or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (d) any change in the circumstances of the Company or any members of the Group which may materially adversely affect the prospects of the Group taken as a whole.

If, at or prior to Completion, the Placing Agent shall receive notification, or shall otherwise become aware of, the fact that any of the specified representations or warranties contained in Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated as provided in the Placing Agreement, and the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a prejudicial effect on the Placing, the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from their obligations under the Placing Agreement.

Upon the giving of the above notice by the Placing Agent, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party to the Placing Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Placing Agreement provided however that the Company shall reimburse the Placing Agent for all reasonable expenses or fees reasonably and properly incurred by the Placing Agent in connection with the Placing Agreement.

For the purpose of the terms and conditions relating to termination and force majeure in the Placing Agreement set out above, but without limiting the generality of the foregoing:

- (a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States of America shall be an event resulting or likely to result in a change in a currency nature; and
- (b) volatility in market conditions in Hong Kong or elsewhere on or before or after the date of the Placing Agreement shall be a factor in determining whether there has been or there is likely to be an occurrence or change in market conditions.

If the Placing Agreement terminates or is terminated in accordance with its terms, then the provisions of the Placing Agreement shall ipso facto cease and determine and have no force or effect and no party to the Placing Agreement shall have any claim against any other party, but without prejudice to the then accrued rights and obligations of the parties in respect of any antecedent breach of any obligations under Placing Agreement, any clause in the Placing Agreement which shall survive after termination and to the continued application of all provisions of the Placing Agreement relating to the interpretation or enforcement of such provisions.

Application for listing of the Placing Shares

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Fund raising activities in the past twelve months

The Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

Effect on shareholding structure

To the best of the Directors' knowledge having made all reasonable enquiry, the table below sets out the shareholding structure of the Company: (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming that all the Placing Shares have been placed out by the Placing Agent and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Completion):

	As at the date of this announcement		Immediately upon Completion	
	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage
Yeung Chun Wai, Anthony (<i>Note 1</i>)	1,679,366,377	22.22%	1,679,366,377	5.16%
Nova Investment Group Limited (<i>Note 1</i>)	430,833,187	5.70%	430,833,187	1.32%
Sub-total	2,110,199,564	27.92%	2,110,199,564	6.48%
Sie Winston (<i>Note 2</i>)	70,000,000	0.93%	70,000,000	0.22%
Sino Advisor International Limited (<i>Note 2</i>)	667,000,000	8.83%	667,000,000	2.05%
Sub-total	737,000,000	9.76%	737,000,000	2.27%
Wong King Shiu, Daniel (<i>Note 3</i>)	3,000,000	0.04%	3,000,000	0.01%
Chan Chi Yuen (<i>Note 4</i>)	4,750,000	0.06%	4,750,000	0.01%
Public Shareholders				
The Placees	—	—	25,000,000,000	76.79%
Other public Shareholders	4,702,246,053	62.22%	4,702,246,053	14.44%
Sub-total	4,702,246,053	62.22%	29,702,246,053	91.23%
Total:	7,557,195,617	100%	32,557,195,617	100%

Notes:

1. Yeung Chun Wai, Anthony is an executive Director. Nova Investment Group Limited is beneficially wholly owned by Yeung Chun Wai, Anthony.

2. Sie Winston, who is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, an Independent Third Party, holds 100% direct interests in Sino Advisor International Limited.
3. Wong King Shiu, Daniel is an executive Director.
4. Chan Chi Yuen is an independent non-executive Director.

Based on the above table, upon Completion, Yeung Chun Wai, Anthony will remain as the single largest Shareholder.

INFORMATION ON THE GROUP AND REASONS FOR THE ENTERING INTO OF THE PLACING AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

The principal business activity of the Company is investment holding. The Group is principally engaged in the entertainment business which includes a cruise ship management business and gamma ray irradiation service. The Company intends to continue with the entertainment business, and the Group has also been actively looking for new investments and business opportunities in order to diversify its existing business with a view to achieving better growth potential and enhancing Shareholders' return in the long run. In this regard, reference is made to the Announcement in relation to, among other things, the proposed acquisition by the Company or its nominee of 30% of the issued share capital of the Target Company, a company engaged in the smartphone development industry, pursuant to the terms and conditions of the Sale and Purchase Agreement.

As set out in the Announcement, the Company intends to fund the consideration for the acquisition of the 30% equity interest in the Target Company, the consideration under the Bridge Loan Assignment Agreement and the loan under the Yota BVI Loan Agreement (each as defined in the Announcement), being the amount payable by the Company in respect of the transactions contemplated under the Sale and Purchase Agreement, through external equity and/or debt financings including but not limited to open offer, rights issue and/or placing of new Shares to independent individual, corporate and/or institutional and professional investors, depending on the then prevailing circumstances.

Taking into consideration the prevailing market conditions, the Board is of the view that the Placing represents a valuable opportunity for the Group to raise a substantial amount of funds to satisfy the payment obligations under the Sale and Purchase Agreement which in turn will allow the Company to tap into the smartphone development industry, and provide general working capital to the Group.

The Board considers that the terms of the Placing Agreement are fair and reasonable and the transactions contemplated therein are in the interests of the Company and the Shareholders as a whole.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$150,000,000 divided into 15,000,000,000 Shares, of which 7,557,195,617 Shares are in issue. In order for the Company to carry out the Placing, the Board proposes to increase the authorised share capital of the Company to HK\$650,000,000 divided into 65,000,000,000 Shares by the creation of an additional 50,000,000,000 Shares which shall rank *pari passu* with the existing Shares in all respects upon allotment and issue. The Increase in Authorised Share Capital is subject to the approval of the Shareholders at the SGM.

GENERAL

The SGM will be convened and held for the Shareholders to consider, and if thought fit, to approve, among other things, (i) the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares, and (ii) the Increase in Authorised Share Capital.

A circular containing, among other things, further details about the Placing and the Increase in Authorised Share Capital, together with the notice of the SGM and a related form of proxy, is expected to be despatched to the Shareholders on or before 24 February 2016.

Shareholders and potential investors should note that Completion is subject to the satisfaction of the conditions set out in the Placing Agreement and the Placing may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 30 December 2015 in relation to, among other things, the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Business Day”	any day (other than a Saturday or Sunday) on which banks in Hong Kong are generally open for business;
“Company”	REX Global Entertainment Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Placing Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Enlarged Share Capital”	the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares;
“Group”	the Company and its subsidiaries;
“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;

“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$150,000,000 divided into 15,000,000,000 Shares to HK\$650,000,000 divided into 65,000,000,000 Shares by the creation of an additional 50,000,000,000 Shares;
“Independent Third Parties”	persons or entities (and their ultimate beneficial owner(s)) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are parties independent of the Company and the connected persons of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement;
“Placing Agent”	Innovax Capital Limited, a licensed corporation permitted to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 14 January 2016 in relation to the Placing;

“Placing Price”	HK\$0.032 per Share;
“Placing Shares”	up to 25,000,000,000 new Shares to be allotted and issued under the Placing;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 October 2015 (as amended by a deed of amendment dated 23 December 2015) between the Company and Telconet Capital Limited Partnership in relation to, among other things, the sale and purchase of 30% of the equity interest in the Target Company, details of which are set out in the Announcement;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate, and the Increase in Authorised Share Capital;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Specific Mandate”	a specific mandate to allot and issue the Placing Shares to be sought from the Shareholders at the SGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Target Company” Yota, a company incorporated in the Cayman Islands with limited liability, 30% of the issued shares of which are proposed to be purchased by the Company or its nominee pursuant to the terms and conditions of the Sale and Purchase Agreement; and

“%” per cent.

By order of the Board
REX Global Entertainment Holdings Limited
Yeung Chun Wai, Anthony
Executive Director

Hong Kong, 14 January 2016

As at the date of this announcement, the executive Directors are Mr. Yeung Chun Wai, Anthony, Ms. Chu Wei Ning, Mr. Chen Domingo and Mr. Wong King Shiu, Daniel; and the independent non-executive Directors are Mr. Wong Hoi Kuen, Mr. Chan Chi Yuen and Mr. Lee Chi Ming.