

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Ngai Shun Holdings Limited
毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1246)

HEADS OF AGREEMENT RELATING TO PROPOSED ACQUISITION

On 20 May 2016 (after trading hours), the Company entered into the Heads of Agreement with the Vendor in relation to a proposed acquisition of the entire issued share capital of the Target Company.

The Company wishes to emphasize that only the Heads of Agreement has been entered into as at the date of this announcement. The Heads of Agreement does not constitute a binding commitment on the Company in respect of the Proposed Transaction and as the Proposed Transaction may or may not proceed, Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. If the Proposed Transaction is materialised, it may constitute a notifiable transaction of the Company under the Listing Rules and the Company will make further announcement in respect of the Proposed Transaction as and when appropriate.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 2 December 2015 and 2 March 2016, in relation to entering into a framework agreement for a proposed acquisition.

On 20 May 2016 (after trading hours), the Company entered into the non-legally binding Heads of Agreement with the Vendor in relation to a proposed acquisition of the entire issued share capital of the Target Company.

HEADS OF AGREEMENT

Date

20 May 2016

Parties

Purchaser: the Company

Vendor: Du Changqing, a PRC citizen

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

Asset to be acquired

Subject to the terms and conditions of the Formal Agreement, the Vendor as beneficial owner hereby agrees to sell and the Purchaser hereby agrees to purchase free from all encumbrances the Sale Share.

The Sale Share is sold together with all rights attached or accruing thereto and together with all dividends declared and paid in respect of periods commencing on or after the completion date.

Consideration

The consideration of the Proposed Transaction (the “**Consideration**”) will be determined after further negotiation between the Vendor and the Purchaser with reference to, among other things, the final valuation of the Target Group to be prepared by an independent valuer.

The Consideration is to be satisfied by as to not less than HK\$460 million by way of cash and the remaining portion will be by way of issuance of shares and/or convertible notes of the Purchaser.

Conditions precedent of the Formal Agreement

Completion of the Formal Agreement is conditional upon, *inter alia*:

- (i) completion of the due diligence review to the satisfaction of the Purchaser at its sole discretion;
- (ii) the Purchaser having obtained a PRC legal opinion in respect of the Proposed Transaction from a PRC lawyer appointed by the Purchaser confirming, among other things, transactions contemplated under the Formal Agreement do not violate any law or regulation in the PRC, and are legally enforceable;
- (iii) the Purchaser having obtained the final valuation of the Target Group to be prepared by an independent valuer appointed by the Purchaser;
- (iv) the Formal Agreement and the Proposed Transaction being approved by shareholders of the Purchaser pursuant to the Listing Rules, if required; and

- (v) all consents or approvals of any relevant governmental authorities or other relevant regulatory bodies in Hong Kong and the PRC or third parties which are required by both of the Purchaser or the Vendor for the entry into and the implementation of the Formal Agreement and the Proposed Transaction having been obtained.

Due Diligence

The Purchaser has the right to review documents provided by the Vendor for due diligence review purpose and conducts investigation of the assets, liabilities, financial condition, contracts, commitments and business of the Target Group. In order to facilitate such due diligence review, the Vendor shall and shall procure that the Target Group co-operates with the Purchaser to promptly provide all documents and information requested by the Purchaser for the purpose of conducting the due diligence review.

The Vendor shall grant to the Purchaser an exclusive right during a period of three months starting from the date of the Heads of Agreement subject to an extension of a further three months by mutual agreement of both the Purchaser and the Vendor (the last day of such period shall be referred to as the “**Long Stop Date**”) to finalise the Formal Agreement for the Proposed Transaction. During such exclusive right period, the Vendor agrees and undertakes to the Purchaser that it shall not directly or indirectly discuss or negotiate with any other party for the intended sale of the Target Company or any rights over the Target Group.

Non legally binding

The Heads of Agreement is not intended to and does not create any binding legal obligations between the parties hereto.

If the Formal Agreement is not entered into by the Long Stop Date (or such later date as agreed by the Vendor and the Purchaser), the Heads of Agreement will be automatically lapsed where upon the parties shall have no liability whatsoever against each other arising out of or in respect of the entering into the Heads of Agreement. For the avoidance of doubt, nothing in the Heads of Agreement creates any obligation on the parties thereto to enter into the Formal Agreement.

INFORMATION ON THE TARGET GROUP

The project company underlying the proposed acquisition is Guilin Guangwei Wenhua Tourism Culture Industry Limited (桂林廣維文華旅遊文化產業有限公司, the “**Project Company**”) which operates the show “印象 • 劉三姐Impression • Liu Sanjie” in Yangshuo, Guangxi Province, the PRC. The performance was premiered on 20 March 2004 at the Xi Jie, a tourism site near Yangshuo.

Based on the information provided by the Vendor and the public information, Impression • Liu Sanjie is based on a legendary and love story of Liu Sanjie in Zhuang minority. The show is an outdoor night show beside the Li River in Yangshuo. Different from other shows in an enclosed space, the show stages in the actual Li River. The mist, moonlight, together with peaks and their inverted reflections in the river all creates a spectacular natural backdrop. Its auditorium is housed on the natural islands of the Li River with the audience standing on the designed terraces, surrounded by green plants. The large-scaled lights system, special smoke-effect system and the overwhelming sound system in harmony with the natural landscape

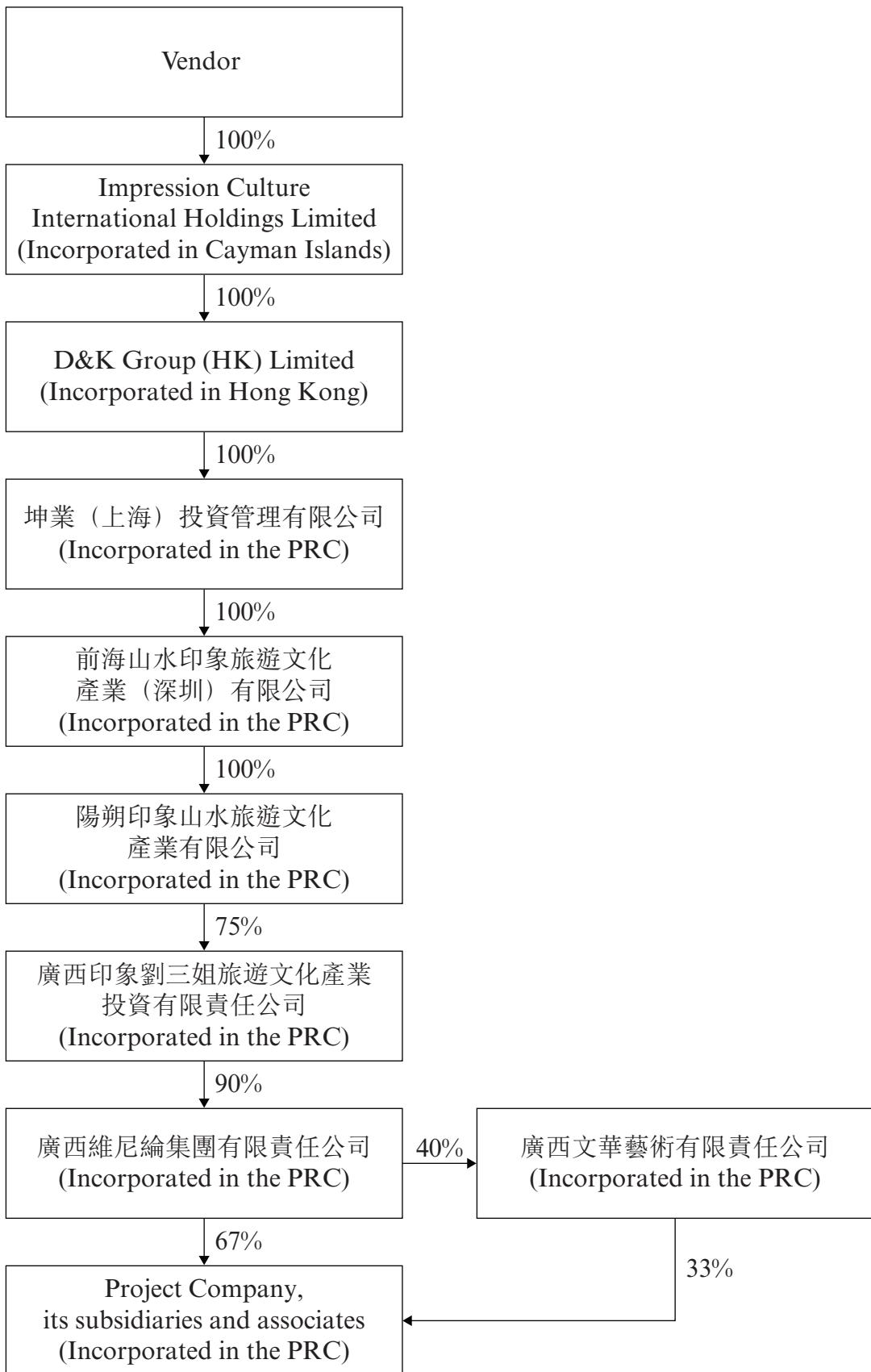
presents a visual feast to audients. The show lasts approximately 70 minutes and consists of 7 episodes. Each episode displays different images and sceneries with the ever-changing natural background and lighting.

There are 600 actors and actresses involved and most of them are local people from the villages along the river. Zhang Yimou, a prestigious director in the PRC and the chief director of the performance, creatively combines the classical Liu Sanjie's folk songs and ethnic group culture together and presents a large-scale realistic performance in harmony with landscape. As indicated by the management of the Project Company, there are over 500 shows performed every year.

The show is awarded as Top Ten Most Influential National Cultural Industry Demonstration Base in 2013 issued by the Ministry of Culture of the PRC and China's Well-Known Trademark by the State Administration for Industry & Commerce of the PRC.

Income of the Project Company is mainly from the ticket sales and souvenir sales of the show. Costs of the Project Company mainly include the salaries paid to the actors and administrators and the maintenance expenses. The Project Company also proposes to promote this kind of performance business in the Asia area by cooperating with natural tourism companies.

Based on the information provided by the Vendor, the structure of the Target Group is as follows:



A summary of (i) the audited financial information of the Project Company for two years ended 31 December 2014, which is audited by a PRC auditor; and (ii) the unaudited financial information of the Project Company for the year ended 31 December 2015 is set out below:

	For the year ended 31 December <i>Audited</i> <i>RMB'000</i>	For the year ended 31 December <i>Audited</i> <i>RMB'000</i>	For the year ended 31 December <i>Unaudited</i> <i>RMB'000</i>
Revenue	169,723	182,375	170,374
Profits before taxation	90,252	81,912	82,749
Profits after taxation	76,676	69,497	67,758

Information of the Target Group is subject to modification based on the due diligence results by the Company and the final review of the auditors to be appointed by the Company. More updated information is to be disclosed in the announcement or the circular of the Proposed Transaction if materialized.

REASONS FOR ENTERING INTO OF THE HEADS OF AGREEMENT

The Company and the Vendor entered into the framework agreement for the Proposed Transaction on 2 December 2015 and thereafter the Company has conducted a preliminary due diligence on the Target Group. Based on the review result, the Company is positive about the historical performance and prospects of the Target Group, and would like to expedite the cooperation with the Vendor. In this regard, the Company and the Vendor entered into the Heads of Agreement to further solidate terms of the Formal Agreement which is still in the negotiation stage.

In addition, the Company has announced, among others thing, a rights issue on 24 March 2016 to raise HK\$460 million for the Proposed Transaction. On the other hand, the Vendor has informed the Company that the reorganization of the Target Group has been completed in May 2016. Upon entering into the Heads of Agreement, the Company will continue (i) conducting the further due diligence on the Target Group, including but not limited to its business, financial, valuation and legal issues; and (ii) negotiating the terms of the Formal Agreement with the Vendor. Once the Company is satisfactory on the due diligence result and the terms of the Formal Agreement are determined, the Company and the Vendor will proceed the Proposed Transaction accordingly.

The Company wishes to emphasize that only the Heads of Agreement has been entered into as at the date of this announcement. The Heads of Agreement does not constitute a binding commitment on the Company in respect of the Proposed Transaction and as the Proposed Transaction may or may not proceed, Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. If the Proposed Transaction is materialised, it may constitute a notifiable transaction of the Company under the Listing Rules and the Company will make further announcement in respect of the Proposed Transaction as and when appropriate.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Company” or “Purchaser”	Ngai Shun Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Directors”	the directors of the Company
“Formal Agreement”	a formal sale and purchase agreement to be entered into among the Company and the Vendor
“Group”	the Company and its subsidiaries
“Heads of Agreement”	the non-legally binding heads of agreement dated 20 May 2016 entered into by the Company and the Vendor in relation to the Proposed Transaction
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties who are independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Project Company”	桂林廣維文華旅遊文化產業有限公司 (Guilin Guangwei Wenhua Tourism and Culture Industry Company Limited), a company incorporated in the PRC
“Proposed Transaction”	the proposed acquisition of the Sale Share by the Company from the Vendor
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	the entire issued share capital of the Target Company
“Shareholder(s)”	the holder(s) of issued share(s) of the Company
“Target Company”	Impression Culture International Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target Company and its subsidiaries

“Vendor” Du Changqing
“%” per cent

By order of the Board
Ngai Shun Holdings Limited
Mock Wai Yin
Executive Director and Chairman

Hong Kong, 20 May 2016

As at the date of this announcement, the Company has (i) two executive Directors, namely Mr. Mock Wai Yin and Mr. Wang Xin; (ii) one non-executive Director, namely Mr. Chui Kwong Kau and (iii) three independent non-executive Directors, namely Mr. Lam Chi Wai, Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.