

HANNY
VISIONS AHEAD

HANNY HOLDINGS LIMITED

錦興集團有限公司

(Incorporated in Bermuda with limited liability)

RECEIVED

2006 JUL 13 P 3:41

OFFICE OF INTERNATIONAL
CORPORATE FINANCE

Date: 30 June 2006

Office of International Corporate Finance
Securities & Exchange Commission
Room 3628
100F Street North East
Washington DC 20549
U.S.A.



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082-03638
SUPPL

BY AIRMAIL

Dear Sirs,

HANNY HOLDINGS LIMITED ("Company")
- ISIN US 41068T2087

We enclose a copy of the announcement dated 29 June 2006 issued by the Company in relation to the subscription of convertible note of Mei Ah Entertainment Group Limited by the Company for filing under the ISIN US 41068T2087.

Thank you for your attention.

Yours faithfully,
For and on behalf of
HANNY HOLDINGS LIMITED

f. f. Florence Kam
Company Secretary
/vw
Encl

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GENERAL

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, details of the Subscription Agreement will be despatched to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 28th June, 2006 and trading in the Shares will remain suspended pending for the release of an announcement in relation to a possible issuance of convertible note by the Company.

DEFINITIONS

In this announcement, the following terms have the following meanings:

"Board"	board of the Directors
"Company"	Hanny Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Subscription Agreement
"Conversion Price"	the initial conversion price of HK\$0.44 per Mei Ah Share (subject to adjustments pursuant to the terms of the Convertible Note)
"Convertible Note"	the Note with principal amount of HK\$50 million to be subscribed by the Company pursuant to the Subscription Agreement
"Conversion Shares"	new Mei Ah Shares which would fall to be issued by Mei Ah upon the exercise of the conversion rights attached to the Notes (including the Convertible Note) at the then effective conversion price
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Maturity Date"	the day before the third anniversary date from Completion, or, if that is not a business day, the first business day thereafter
"Mei Ah"	Mei Ah Entertainment Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Mei Ah Group"	Mei Ah and its subsidiaries
"Mei Ah Share(s)"	fully paid ordinary share(s) of HK\$0.1 each in the share capital of Mei Ah
"Notes"	the 4% convertible notes in the aggregate principal amount of HK\$100 million (including the Convertible Note) proposed to be issued by Mei Ah, which entitle the holder(s) of which to convert the principal amount outstanding into the Conversion Shares at the then effective conversion price and "Note" shall be construed accordingly
"Other Subscription Agreements"	two other subscription agreements all dated 28th June, 2006 for the subscription of the Notes (excluding the Convertible Note) with an aggregate principal amount of HK\$50 million entered into between Mei Ah and two other subscribers
"Share(s)"	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the Convertible Note by the Company pursuant to the Subscription Agreement
"Subscription Agreement"	the conditional subscription agreement dated 28th June, 2006 entered into between the Company and Mei Ah in relation to the Subscription, subject to the terms and conditions contained therein
"HK\$"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	per cent

As at the date of this announcement, the Directors are as follows:

Executive Directors:
 Dr. Chan Kwok Keung, Charles (*Chairman*)
 Dr. Yap, Allan (*Managing Director*)
 Mr. Lui Siu Tsuen, Richard
 (*Deputy Managing Director*)

Independent Non-executive Directors:
 Mr. Yuen Tin Faa, Francis
 Mr. Kwok Ka Lap, Alva
 Mr. Wong King Lam, Joseph
 Mr. Sin Chi Fai

By order of the board
HANNY HOLDINGS LIMITED
 Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, 29th June, 2006

The Standard Friday, June 30, 2006

(Page 1)

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HANNY
VISIONS AHEAD
HANNY HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 275)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF CONVERTIBLE NOTE OF
MEI AH ENTERTAINMENT GROUP LIMITED

On 28th June, 2006, the Company entered into the Subscription Agreement with Mei Ah in relation to the subscription by the Company of a 4% convertible note due 2009 of Mei Ah with a principal amount of HK\$50 million.

Upon full conversion of the Convertible Note at the initial Conversion Price, the Company will be interested in a total of 113,636,363 Conversion Shares representing approximately 10.82% of the issued share capital of Mei Ah as enlarged by the full conversion of the Notes.

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, details of the Subscription Agreement will be despatched to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 28th June, 2006 and trading in the Shares will remain suspended pending for the release of an announcement in relation to a possible issuance of convertible note by the Company.

INTRODUCTION

On 28th June, 2006, the Company entered into the Subscription Agreement with Mei Ah in relation to the subscription by the Company of a 4% convertible note due 2009 of Mei Ah with principal amount of HK\$50 million. On the same day, Mei Ah entered into the Other Subscription Agreements with other subscribers on terms no more favourable than those offered to the Company under the Subscription Agreement. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of the other subscribers is a third party independent of the Company and its connected persons (as defined in the Listing Rules). The total principal amount of the Notes to be issued by Mei Ah (including the Convertible Note) is HK\$100 million.

The principal terms of the Subscription Agreement and the Convertible Note are detailed as follows:

SUBSCRIPTION AGREEMENT

Date: 28th June, 2006

Parties to the Subscription Agreement

- (a) The Company as the subscriber to subscribe for the Convertible Note with principal amount of HK\$50 million by cash; and
- (b) Mei Ah as the issuer of the Convertible Note.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of Mei Ah and its controlling shareholder is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Conditions of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon:

- (a) the passing by the requisite majority required under the Listing Rules of shareholders or independent shareholders (if required) of Mei Ah in general meeting of all necessary resolutions to ratify Mei Ah's entering into the Subscription Agreement and performance of the transactions contemplated in the Subscription Agreement including the issue of the Convertible Note and the Conversion Shares;
- (b) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which Mei Ah and the Company both acting reasonably do not object) listing of, and permission to deal in the Conversion Shares;
- (c) if required, an increase of authorised share capital of Mei Ah to facilitate the issue of the Conversion Shares and the Bermuda Monetary Authority having approved the issue of the Mei Ah Shares permitted by such increased authorised capital, the issue of the Convertible Note and the Conversion Shares and the transferability of the Notes and the Conversion Shares; and
- (d) the representations, warranties and undertakings made by Mei Ah in the Subscription Agreement being true, complete and accurate and not misleading in all material respect when made and shall be true, complete and accurate, and not misleading in all material respect as at Completion as if made at Completion.

Completion of the Subscription Agreement and the Other Subscription Agreements shall take place at the same time. Neither the Company nor Mei Ah shall be obliged to proceed to Completion if the Other Subscription Agreements cannot be completed at the same time. Save for condition (d) which is waivable by the Company, all other conditions cannot be waived by the parties to the Subscription Agreement. If any of the conditions have not been fulfilled or waived by the Company on or before the day which falls on the expiry of 120 calendar days immediately following the date of the Subscription Agreement (or such later date as may be agreed by the parties to the Subscription Agreement and the parties to the Other Subscription Agreements in writing), then the Subscription Agreement shall lapse immediately thereafter and be of no further effect and neither party to the Subscription Agreement shall have any claim against or liability or obligation to other party under the Subscription Agreement, save in respect of any claims arising out of any antecedent breach of the Subscription Agreement.

Completion

Completion is to take place on the third business day after the date upon which the conditions stated in the paragraph headed "Conditions of the Subscription Agreement" above are fulfilled or, as the case may be, waived (or such other date as the parties to the Subscription Agreement and the parties to the Other Subscription Agreements may agree in writing).

Termination by the Company

The Company may by prior notice to Mei Ah terminate the Subscription Agreement at any time prior to payment for the Convertible Note on the completion date if:

- (a) there develops, occurs or comes into effect:
- (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Subscription Agreement), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not *ejusdem generis* with any of the foregoing, resulting in a material and adverse change in, or which would be expected to result in a material and adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong;
- (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
- (iii) any material and adverse change in conditions of local, national or international securities markets;
- (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Mei Ah Group which shall materially and adversely affect the business or the financial or trading position of Mei Ah;
- (v) any suspension of dealings in the Mei Ah Shares for a period exceeding ten business days other than due to the clearance of the announcement in relation to the issue of the Notes;
- (vi) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere which would materially and adversely affect the business, financial or trading position of Mei Ah; or
- (vii) the instigation of any litigation or claim of material importance by any third party against any member of the Mei Ah Group which would materially and adversely affect the business financial or trading position of Mei Ah,

and which can reasonably be expected, in the opinion of the Company acting reasonably, to have or has had a material adverse effect upon the condition (financial or otherwise) or earnings business affairs or business prospects of Mei Ah; or

- (b) there is any breach of any of the representations, warranties and undertakings made by Mei Ah as set out in the Subscription Agreement which has come to the knowledge of the Company or an event which has occurred or any matter which has arisen on or after the date of the Subscription Agreement and prior to Completion which (i) if it had occurred or arisen before the date of the Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue, inaccurate or misleading, or (ii) in the opinion of the Company acting reasonably, materially and adversely affects the financial position or business of Mei Ah; or
- (c) there has been a breach of or failure to perform any of Mei Ah's obligations in any material respect under the Subscription Agreement.

In the event that the Company terminates the Subscription Agreement, all obligations of each of the parties under the Subscription Agreement shall cease and terminate and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Subscription Agreement except for any antecedent breach.

THE CONVERTIBLE NOTE**Principal terms**

Principal amount: HK\$50 million

Conversion Price: HK\$0.44 per Mei Ah Share, subject to adjustments in certain events including among other things, (a) share consolidation; (b) share sub-division; (c) capitalisation issue; (d) capital distribution; (e) rights issue or grant of option or warrants to subscribe for new Mei Ah Shares at a price which is less than the then market price; (f) issues of other securities, or modification of rights of conversion or exchange or subscription attached for new Mei Ah Shares and the total effective consideration per Mei Ah Share initially receivable for such securities is less than the then market price; (g) issues wholly for cash of an Mei Ah Shares at a price per Mei Ah Share which is less than the then market price; and (h) issues of Mei Ah Shares for acquisition of any asset at a total effective consideration per Mei Ah Share which is less than the then market price.



HANNY HOLDINGS LIMITED 錦興集團有限公司

(香港註冊之公眾有限公司) (股份代號: 275)

須予披露交易

認購美亞娛樂資訊集團有限公司之可兌換票據

於二零零六年六月二十八日，本公司與美亞訂立認購協議，內容有關由本公司認購美亞於二零零九年到期之「應屆可兌換票據」，本金總額為50,000,000港元...

認購協議及可兌換票據之主要條款詳述如下：
認購協議
日期：二零零六年六月二十八日
認購協議之訂約方
(a) 本公司 作為認購人將以現金方式認購本金總額50,000,000港元之可兌換票據...

If the arithmetic average of the volume weighted average price (the "Reset Reference Price") per Mei Ah Share for each day during the period of 10 consecutive trading days immediately prior to 30 days before (i) six months after the date of issue of the Convertible Note and (ii) eighteen months after the date of issue of the Convertible Note (each a "Reset Date") is less than the Conversion Price in effect on the relevant Reset Date (taking into account any adjustments as described above which may have occurred prior to the relevant Reset Date), the Conversion Price shall automatically be adjusted on the Reset Date so that the Reset Reference Price will become the adjusted Conversion Price with effect from the relevant Reset Date. Nevertheless, the adjusted Conversion Price shall not be reduced on the Reset Date to an amount below 70% of the initial Conversion Price (being HK\$0.308 per Mei Ah Share) or the then par value of the Mei Ah Shares.

The initial Conversion Price is determined after arm's length negotiations between the Company and Mei Ah with reference to the prevailing market price of the Mei Ah Shares prior to the suspension of trading in the Mei Ah Shares and represents:

- a premium of approximately 8.64% over the closing price of HK\$0.405 per Mei Ah Share as quoted on the Stock Exchange on 14th June, 2006, being the last trading day (the "Last Trading Day") prior to the suspension of trading in the Mei Ah Shares pending the release by Mei Ah of the announcement in relation to the issue of the Notes;
- a premium of approximately 4.76% over the average closing price of HK\$0.42 per Mei Ah Share for the last 10 trading days up to and including the Last Trading Day; and
- a premium of approximately 46.67% over the unaudited consolidated net asset value of Mei Ah attributable to its shareholders of approximately HK\$0.30 per Mei Ah Share based on the unaudited consolidated net asset value of Mei Ah attributable to its shareholders of approximately HK\$230,225,000 as at 30th September, 2005, being the date to which the latest unaudited consolidated financial statements of the Mei Ah Group were made up, and the issued share capital of 771,000,000 Mei Ah Shares as at 30th September, 2005.

Interest rate: 4% per annum on the principal amount of the Convertible Note outstanding from time to time, payable semi-annually.

Maturity date: The day before the third anniversary date from Completion.

Redemption: Unless previously converted, redeemed or purchased in accordance with the terms of the Convertible Note, Mei Ah will redeem the Convertible Note on the Maturity Date at the redemption amount which is 106% of the principal amount of the Convertible Note then outstanding together with accrued but unpaid interest.

The yield to maturity of the Convertible Note is approximately 5.9% per annum.

Early redemption: Before the Maturity Date, Mei Ah or any of its subsidiaries may purchase the Convertible Note at any price as agreed based on arm's length negotiation between Mei Ah or such subsidiaries and the Company.

Put right of the Company: The Company shall have the right to require Mei Ah to redeem all (but not part only) of the outstanding principal amount of the Convertible Note at the redemption amount pursuant to its terms together with accrued but unpaid interest when (a) any person or persons, acting together (other than Mr. Li Kuo Hsing (the director of Mei Ah), Kuo Hsing Holdings Limited (a company beneficially controlled by Mr. Li Kuo Hsing) and/or parties acting in concert with any of them) acquires control of Mei Ah; or (b) Mei Ah consolidates with or merges into or sells or transfers all or substantially all of its assets to another person or persons (other than Mr. Li Kuo Hsing, Kuo Hsing Holdings Limited and/or parties acting in concert with any of them) acquiring control over Mei Ah or the successor entity.

The aforesaid redemption amount is:

- 110%, if the notice for redemption is given during the period from the date of the issue of the Convertible Note to its first anniversary date, or
- 108%, if the notice for redemption is given during the period from the first anniversary date to the second anniversary of the issue date of the Convertible Note, or
- 106%, if the notice for redemption is given during the period from the second anniversary date to the third anniversary of the issue date of the Convertible Note,

of the principal amount of the Convertible Note then outstanding plus accrued but unpaid interest.

In the event of the occurrence of certain events of default specified in the Convertible Note, the Company may also require Mei Ah to redeem at 100% of the principal amount of the Convertible Note then outstanding plus interest accrued.

Transferability: The Convertible Note is freely transferable but may not be assigned or transferred to a connected person (as defined in the Listing Rules) of Mei Ah without the prior written consent of Mei Ah.

Conversion period: Holder(s) of the Convertible Note shall have the right to convert, commencing on and excluding the 7th day after the date of issue of the Convertible Note up to and including the date which is 7 days prior to the Maturity Date, the whole or any part (in an amount of HK\$100,000 or integral multiples thereof) of the outstanding principal amount of the Convertible Note into Mei Ah Shares at the then prevailing Conversion Price.

Conversion Shares: On the basis of the 823,000,000 Mei Ah Shares in issue as at the date of this announcement and assuming the other two subscribers of the Notes not exercising the conversion rights, upon full conversion of the entire principal amount of the Convertible Note of HK\$50 million into the Conversion Shares at the initial Conversion Price of HK\$0.44 per Mei Ah Share, a total of 113,636,363 Conversion Shares will be issued and an aggregate of 926,636,363 Mei Ah Shares will be in issue as enlarged by such conversion. Accordingly, the Company will be interested in approximately 12.13% of the enlarged issued share capital of Mei Ah.

Assuming the other two subscribers of the Notes not exercising the conversion rights, upon full conversion of the entire principal amount of the Convertible Note of HK\$50 million into the Conversion Shares at the lowest possible reset Conversion Price of HK\$0.308 per Mei Ah Share, 162,337,662 Conversion Shares will be issued by Mei Ah and an aggregate of 985,337,662 Mei Ah Shares will be in issue as enlarged by such conversion. The Company will then be interested in approximately 16.48% of the enlarged issued share capital of Mei Ah.

Fractions of the Mei Ah Shares will not be issued on conversion and no amount in lieu thereof shall be refunded to the Company.

Voting: The Company will not be entitled to receive notice of, attend or vote at any meeting of Mei Ah by reason only of it being the holder of the Convertible Note.

Listing: No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange. An application will be made by Mei Ah for the listing of, and permission to deal in the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Notes.

Ranking: The obligations of Mei Ah arising under the Notes shall at all times rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of Mei Ah.

The Conversion Shares shall, when issued, rank pari passu in all respects with all other issued share capital of Mei Ah on the date of conversion including the right to all dividends or other distributions.

SHAREHOLDING STRUCTURE OF MEI AH

Set out below is the shareholding structure of Mei Ah as disclosed in the announcement of Mei Ah dated 29th June, 2006 (the "Mei Ah Announcement") and the effect of full conversion of the Notes, assuming (a) no change in the shareholding structure of Mei Ah during the period between the date of the Mei Ah Announcement and the conversion of the Notes; and (b) the conversion of the Notes at (i) the initial Conversion Price of HK\$0.44 per Mei Ah Share; and (ii) the lowest reset Conversion Price of HK\$0.308 per Mei Ah Share:

	As at the date of the Mei Ah Announcement		Upon full conversion of the Notes at HK\$0.44 per Mei Ah Share		Upon full conversion of the Notes at HK\$0.308 per Mei Ah Share	
	Number of Mei Ah Shares	%	Number of Mei Ah Shares	%	Number of Mei Ah Shares	%
Li Kuo Hsing, chairman of Mei Ah	27,893,500	3.39	27,893,500	2.66	27,893,500	2.43
Li Pik Lin, spouse of Li Kuo Hsing	37,968,750	4.61	37,968,750	3.62	37,968,750	3.31
Kuo Hsing Holdings Limited, a company wholly-owned by Li Kuo Hsing	413,747,510	50.27	413,747,510	39.39	413,747,510	36.05
Toog Hing Chi, a director of Mei Ah	3,375,000	0.41	3,375,000	0.32	3,375,000	0.30
Chau Kei Leung, a director of Mei Ah	7,209,000	0.88	7,209,000	0.69	7,209,000	0.63
Chan Ngan Fiu, a director of Mei Ah	2,025,000	0.25	2,025,000	0.19	2,025,000	0.18
Public shareholders of Mei Ah	330,781,240	40.19	330,781,240	31.49	330,781,240	28.82
The Company	-	-	113,636,363	10.82	162,337,662	14.14
Other holders of the Notes	-	-	113,636,363	10.82	162,337,662	14.14
Total	823,000,000	100.00	1,050,272,726	100.00	1,147,675,323	100.00

As at the date of this announcement, no decision has been made as to whether or when or the extent to which the conversion rights attached to the Convertible Note are to be exercised by the Company.

INFORMATION ON MEI AH

As set out in the Mei Ah Announcement, the Mei Ah Group is principally engaged in distribution of films and programmes, film exhibition, film rights licensing and sub-licensing, television operations and processing of audio visual products through its associated companies.

According to the annual report of Mei Ah for the year ended 31st March, 2005, the Mei Ah Group recorded an audited consolidated turnover of approximately HK\$175.2 million and HK\$147.3 million for each of the two years ended 31st March, 2004 and 2005 respectively. The audited consolidated loss before and after taxation and minority interests of the Mei Ah Group for the year ended 31st March, 2005 were approximately HK\$28.9 million and HK\$29.1 million respectively. The audited consolidated loss before and after taxation and minority interests of the Mei Ah Group for the year ended 31st March, 2004 were approximately HK\$4.7 million and HK\$5.6 million respectively. As stated in the interim report of Mei Ah, the Mei Ah Group recorded an unaudited consolidated turnover of approximately HK\$71.1 million and HK\$79.0 million for the six months period ended 30th September, 2004 and 2005 respectively. The unaudited consolidated profit before and after taxation and minority interests of the Mei Ah Group for the six months ended 30th September, 2005 were approximately HK\$10.2 million and HK\$10.1 million respectively. The unaudited consolidated net asset value of Mei Ah attributable to its shareholders was approximately HK\$230.2 million as at 30th September, 2005.

REASONS FOR THE SUBSCRIPTION

The Group is principally engaged in the trading of securities, property investment and trading and other strategic investments including investments in associated companies which are listed on the Stock Exchange and long-term convertible notes issued by companies listed on the Stock Exchange. The Company itself is an investment holding company.

Following completion of the disposal of the business of trading of computer related products and consumer electronic products, and the manufacturing, distribution and marketing of data storage media on 28th April, 2006, the Group has been concentrating on the trading of securities, property investment and trading and other strategic investments and the Group continues to explore potential investments to enhance the revenue base of the Group. In light of the improved financial results of the Mei Ah Group for the six months ended 30th September, 2005 and the intended use of the proceeds from the issue of the Notes for acquisition of film titles and development of new media project as set out in the Mei Ah Announcement, the Directors are optimistic about the business prospects of Mei Ah. The Convertible Note provides the Group with a stable return on investment. The conversion rights attached to the Convertible Note give the Group flexibility to acquire an equity interests in Mei Ah should the Directors consider it appropriate and an opportunity to enjoy any potential capital gain in the value of the Mei Ah Shares. Based on the above, the Directors consider that the Subscription is in the interests of the Company and the Shareholders as a whole and the terms of the Subscription Agreement to be fair and reasonable as far as the Shareholders are concerned.

FINANCIAL EFFECTS OF THE SUBSCRIPTION

At present, the Group intends to fund the Subscription by its internal resources. It is expected that the Subscription would not have material impact on the net asset position of the Group. The interest income to be generated from the Convertible Note will enhance the revenue and income base of the Group.