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MEIGU Technology Holding Group Limited

美固科技控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8349)

DISCLOSABLE TRANSACTION SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

The Board announces that Nantong Meigu, an indirect wholly-owned subsidiary of the Company, subscribed for Jubao Caifu Baoyirong Product on 14, 20 and 28 November 2018 and Jubao Caifu Tiantian Xinyi Product on 28 and 29 December 2018, in the aggregate subscription amount of RMB5,000,000. The Group utilised its idle funds for the payment of the subscription amount under each of the Subscriptions.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratio(s) in respect of the Subscriptions, on an aggregated basis pursuant to Rule 19.22 of the GEM Listing Rules, was/were more than 5% but less than 25%, the Subscriptions constituted discloseable transactions under Chapter 19 of the GEM Listing Rules and were therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Company acknowledges that the notification and announcement in respect of the Subscriptions as required under Chapter 19 of the GEM Listing Rules have been delayed due to the inadvertent overlook by the management and the Directors resulting from their unfamiliarity of the GEM Listing Rules and the unawareness of the Company's obligation in respect of the Subscriptions under the GEM Listing Rules.

THE SUBSCRIPTIONS

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1. Jubao Caifu Baoyirong Product

Type of product	:	Open-ended wealth management product
Currency of subscription	:	RMB
Type of return	:	Principal-guaranteed floating income
Term of investment	:	No fixed term of investment
Expected annualised return rate	:	The expected annualised return rate of the product ranges from 3.65% to 4.25%.
Investment scope	:	Jubao Caifu Baoyirong Product mainly invests in currency market instrument assets, fixed-income assets, debts assets and other assets and their combinations that meet regulatory requirements.
Risk level (internal risk rating by the bank)	:	Low risk

Nantong Meigu subscribed for the Jubao Caifu Baoyirong Product as follows:

	Subscription I	Subscription II	Subscription III
Date of subscription :	14 November 2018	20 November 2018	28 November 2018
Subscription amount (RMB) :	500,000	1,000,000	500,000
Date of redemption :	13 February 2019	22 January 2019	27 February 2019

2. Jubao Caifu Tiantian Xinyi Product

Type of product	:	Open-ended wealth management product
Currency of subscription	:	RMB
Type of return	:	Non-principal guaranteed floating income
Term of investment	:	Until 3 July 2019, subject to the right of early termination of the Bank of Jiangsu
Expected annualised return rate	:	The expected annualised return rate of the product ranges from 2.6% to 3.8%.
Investment scope	:	Jubao Caifu Tiantian Xinyi Product mainly invests in bond and currency market instrument assets, debts assets and other assets and their combinations that meet regulatory requirements.
Risk level (internal risk rating by the bank)	:	Medium to low risk

Nantong Meigu subscribed for the Jubao Caifu Tiantian Xinyi Product as follows:

	Subscription IV	Subscription V
Date of subscription	: 28 December 2018	29 December 2018
Subscription amount (RMB)	: 2,000,000	1,000,000
Date of redemption	: 2 January 2019	2 January 2019

INFORMATION ON THE PARTIES

The Company and Nantong Meigu

The Company is incorporated in the Cayman Islands with limited liability and its issued shares are listed on the GEM.

Nantong Meigu is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in the research, development, production and sales of fiberglass reinforced plastic products in the PRC.

Bank of Jiangsu

Bank of Jiangsu is a licensed bank established under the laws of the PRC, which is principally engaged in the provision of corporate and personal banking and other financial services in the PRC. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Bank of Jiangsu and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Subscriptions were carried out by the Company for treasury management purpose in order to maximize the utilization of its idle funds with a view to achieving balanced yields whilst maintaining high liquidity and a low level of risk. Taking into account of, among others, the low level of risk and the expected rates of return, the Company considered that the Subscriptions would provide the Group with better returns than the returns on deposits generally offered by the commercial banks. The Subscriptions would not affect the daily operation and the principal business development of the Group. The Company will monitor and manage its future subscriptions more closely and effectively.

The Board considered that the Subscriptions were on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratio(s) in respect of the Subscriptions, on an aggregated basis pursuant to Rule 19.22 of the GEM Listing Rules, was/were more than 5% but less than 25%, the Subscriptions constituted discloseable transactions under Chapter 19 of the GEM Listing Rules and were therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Rule 19.34 of the GEM Listing Rules in respect of the Subscriptions, as and when such obligations arose. Regrettably, the Company acknowledges that the notification and announcement in respect of the Subscriptions as required under Chapter 19 of the GEM Listing Rules had been delayed due to the inadvertent overlook by the management and the Directors resulting from their unfamiliarity of the GEM Listing Rules and the unawareness of the Company's obligation in respect of the Subscriptions under the GEM Listing Rules.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the GEM Listing Rules but the Company would like to stress that the non-compliance was inadvertent and unintentional. To prevent similar non-compliance from occurring in the future, the Board will implement the following actions and procedures:

1. more trainings in respect of compliance with the GEM Listing Rules and applicable laws and regulations, in particular Chapter 19 - notifiable transactions of the GEM Listing Rules will be provided to the Directors, compliance officer and the senior management of the Company on a regular basis;
2. any similar transactions of significant amount will be brought to the attention to the Directors, the compliance advisor and legal adviser to ensure compliance with the GEM Listing Rules and applicable laws and regulations before they are entered into;
3. the Board will perform size tests assessment for all transactions to be entered into by the Group for the purpose of identifying notifiable transactions and complying with the relevant GEM Listing Rules requirements; and
4. the Company will work more closely with its compliance advisor and legal adviser on compliance issues and will consult with them and/or other professional parties if the Company is in doubt of any GEM Listing Rules and other applicable laws, rules, codes and guidelines.

Going forward, the Company will continue to comply with the management procedures of its investments on wealth management products and make such disclosure in a timely manner to ensure compliance with the GEM Listing Rules.

DEFINITIONS

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

“Bank of Jiangsu”	Bank of Jiangsu (江蘇銀行), a licensed bank established under the laws of the PRC
“Board”	the board of Directors
“Company”	MEIGU Technology Holding Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange
“Directors”	the directors of the Company

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons (as defined under the GEM Listing Rules) of the Company
“Jubao Caifu Baoyirong Product”	Jubao Caifu Baoyirong open-ended wealth management product* (“聚寶財富寶溢融” 開放式理財產品), a wealth management product issued by the Bank of Jiangsu
“Jubao Caifu Tiantian Xinyi Product”	Jubao Caifu Tiantian Xinyi open-ended wealth management product* (“聚寶財富天添鑫溢” 開放式理財產品), a wealth management product issued by the Bank of Jiangsu
“Nantong Meigu”	Nantong Meigu Composite Materials Company Limited* (南通美固複合材料有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription I”	the subscription of Jubao Caifu Baoyirong Product by Nantong Meigu on 14 November 2018 in the amount of RMB500,000
“Subscription II”	the subscription of Jubao Caifu Baoyirong Product by Nantong Meigu on 20 November 2018 in the amount of RMB1,000,000
“Subscription III”	the subscription of Jubao Caifu Baoyirong Product by Nantong Meigu on 28 November 2018 in the amount of RMB500,000
“Subscription IV”	the subscription of Jubao Caifu Tiantian Xinyi Product by Nantong Meigu on 28 December 2018 in the amount of RMB2,000,000

“Subscription V”	the subscription of Jubao Caifu Tiantian Xinyi Product by Nantong Meigu on 29 December 2018 in the amount of RMB1,000,000
“Subscriptions”	collectively, the Subscription I, the Subscription II, the Subscription III, the Subscription IV and the Subscription V
“%”	per cent.

By order of the Board
MEIGU Technology Holding Group Limited
Jiang Guitang
Executive Director

Hong Kong, 16 August 2019

As at the date of this announcement, the executive Directors are Mr. Jiang Guitang, Mr. Cheng Dong and Ms. Shi Dongying and the independent non-executive Directors are Mr. Huang Xin, Mr. Tam Tak Kei Raymond and Mr. Ng Sai Leung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange’s website at www.hkgem.com on the “Latest Listed Company Information” page for 7 days from the date of its posting and on the website of the Company at www.nantongrate.com

* *For identification purposes only*