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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)

MONTHLY UPDATE PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 17.10 OF THE GEM LISTING RULES AND THE INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

This announcement is made by MEIGU Technology Holding Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 3.7 of the Takeovers Code, Rule 17.10(2) of the GEM Listing Rules and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements published by the Company on 8 January 2020, 22 January 2020, 6 February 2020, 4 March 2020, 3 April 2020, 14 April 2020, 14 May 2020, 12 June 2020, 2 July 2020, 3 August 2020, 1 September 2020, 5 October 2020, 14 October 2020, 13 November 2020, 10 December 2020, 28 December 2020 and 31 December 2020 (the “**Announcements**”) regarding the entering into of the MOU (and its supplemental agreements) between the Selling Shareholder and the Potential Buyer in relation to the Possible Transaction regarding the possible sale of the Sale Shares held by the Selling Shareholder to the Potential Buyer. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board wishes to update the Shareholders and potential investors of the Company that there were changes in the shareholding structure of the Potential Buyer during the Offer Period (as defined under the Takeovers Code) and due to commercial considerations related below, the controlling shareholder of the Potential Buyer, Mr. Li Yubao (李玉保) (“**Mr. Li**”), decided to procure the Potential Offeror (as defined below) to substitute the Potential Buyer to effectuate the Possible Transaction should the parties reach a consensus on the relevant terms in the Formal Agreement, and to make the conditional mandatory general offer to acquire all the issued Shares of the Company (other than those already owned or agreed to be acquired by the Potential Offeror or parties acting in concert with it) under Rule 26.1 of the Takeovers Code (the “**Potential Offer**”) thereafter should the Possible Transaction materialises.

THE CHANGES IN SHAREHOLDING STRUCTURE OF THE POTENTIAL BUYER DURING THE OFFER PERIOD AND THE NOMINEE SHAREHOLDING ARRANGEMENTS

On 3 January 2020, the Selling Shareholder and the Potential Buyer entered into the Share Transfer Agreement in relation to the Disposal and completion took place on 23 December 2020. On 5 January 2020, the Selling Shareholder and the Potential Buyer further entered into the MOU in respect of the Possible Transaction. Since the entering into of the MOU, the Selling Shareholder and the Potential Buyer have been undertaking discussions on the terms of the Possible Transaction and no definitive agreement has been entered into. As at the date of this announcement, the Potential Buyer is interested in the 40,000,000 Shares acquired under the Disposal (representing 10% of the entire issued share capital of the Company).

As set out in the announcement of the Company dated 8 January 2020, at the time of the entering into of the Share Transfer Agreement and the MOU, the Potential Buyer was beneficially held as to approximately 33% by Mr. Li, approximately 30% by Mr. Jin Ersheng (金爾昇) (“**Mr. Jin**”), approximately 10% by Mr. Wu Dong (吳東) (“**Mr. Wu**”), approximately 10% by Mr. Zhang Yuqiang (張與強), approximately 10% by Hubei Yunhong Chuangying Equity Investment Fund Management Company Limited (湖北運鴻創贏股權投資基金管理有限公司) (“**Hubei Yunhong**”), which is held as to 85% by Mr. Li and 15% by Mr. Li Fenglei (李風雷), approximately 5% by Ms. Wang Lijun (王麗君) and approximately 2% by Mr. Qian Jiayou (錢嘉猷) (“**Mr. Qian**”).

Mr. Li understood that should the Possible Transaction materialises, the Potential Buyer will be under an obligation to make the Potential Offer and the Potential Buyer may acquire further shares in the Company under the Potential Offer. In order to indirectly own as many shares as possible in the Company after the completion of the Possible Transaction and the Potential Offer, Mr. Li proposed to increase his shareholding in the Potential Buyer. As a result of the relevant changes in the shareholding of the Potential Buyer, and since 10 June 2020, Mr. Li's beneficial interests in the Potential Buyer have been increased from approximately 33% to approximately 92% and Mr. Wu has held the legal interests in such 92% shareholding in the Potential Buyer as nominee of Mr. Li. As at the date of this announcement, the Potential Buyer was beneficially held as to approximately 92% by Mr. Li, approximately 4.17% by Mr. Jin, approximately 1.67% by Mr. Wu, approximately 1.67% by Hubei Yunhong, approximately 0.33% by Mr. Qian and approximately 0.16% by Mr. Wang Qixun (王祺勳) .

THE CHANGE OF POTENTIAL OFFEROR DURING THE OFFER PERIOD

Since Mr. Li's beneficial interests in the Potential Buyer have only been increased to approximately 92%, to indirectly own as many shares in the Company as possible after the completion of the Possible Transaction and the Potential Offer, Mr. Li decided to procure his wholly-owned company, LF INTERNATIONAL PTE. LTD. (the "**Potential Offeror**"), to substitute the Potential Buyer to effectuate the Possible Transaction should the parties reach a consensus on the relevant terms and to make the Potential Offer thereafter should the Possible Transaction materialises. The Potential Offeror is a company incorporated in the British Virgin Islands and as at the date of this announcement, the Potential Offeror is entirely owned by a Singapore company (with the same name as the Potential Offeror) which is in turn wholly-owned by Mr. Li.

Given Mr. Li is the ultimate controlling shareholder of both the Potential Buyer and the Potential Offeror, Mr. Li, the Potential Buyer and the Potential Offeror are presumed to be parties acting in concert under Class (8) of the definition of "parties acting in concert" under the Takeovers Code. Accordingly, immediately after the completion of the Possible Transaction, the Potential Offeror and parties acting in concert with it will collectively hold 40.9% of the issued share capital of the Company, and the Potential Offeror will be under an obligation to make the Potential Offer pursuant to Rule 26.1 of the Takeovers Code.

The Selling Shareholder agreed to the change of purchaser for the Possible Transaction from the Potential Buyer to the Potential Offeror. As at the date of this announcement, the Selling Shareholder and the Potential Offeror have not entered into any definitive agreement with respect to the Possible Transaction. The Selling Shareholder and the Potential Offeror are undertaking discussions on the terms of the Formal Agreement and are hopeful in reaching a consensus in due course.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) will be made by the Company until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer under the Takeovers Code is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

CAUTION

Shareholders and potential investors should be aware that there is no assurance that any transaction mentioned in this announcement will materialise or eventually be consummated and the discussions may or may not lead to the making of an offer (as defined in the Takeovers Code) for the Shares. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or other securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

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

Hong Kong, 1 February 2021

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.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, 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 statement in this announcement misleading.

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