

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint 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 joint announcement.*

*This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of MEIGU Technology Holding Group Limited nor shall there be any sale, purchase or subscription for securities of MEIGU Technology Holding Group Limited in any jurisdiction in which such offer, solicitation or sale would be unlawful absent the filing of a registration statement or the availability of an applicable exemption from registration or other waiver. This joint announcement is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.*



**LF INTERNATIONAL PTE. LTD.**

*(Incorporated in the British Virgin Islands with limited liability)*

**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)**

## **JOINT ANNOUNCEMENT**

- (1) ACQUISITION OF SALE SHARES IN  
MEIGU TECHNOLOGY HOLDING GROUP LIMITED BY  
LF INTERNATIONAL PTE. LTD.;**  
**(2) MANDATORY CONDITIONAL CASH OFFER BY**



- FOR AND ON BEHALF OF  
LF INTERNATIONAL PTE. LTD.  
TO ACQUIRE ALL THE ISSUED SHARES OF  
MEIGU TECHNOLOGY HOLDING GROUP LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY  
LF INTERNATIONAL PTE. LTD. AND  
PARTIES ACTING IN CONCERT WITH IT);**  
**(3) APPOINTMENT OF INDEPENDENT  
FINANCIAL ADVISER; AND**  
**(4) RESUMPTION OF TRADING**

**Financial adviser to LF INTERNATIONAL PTE. LTD.**



**Titan Financial Services Limited**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



**Sorrento Capital Limited**

## **THE DISPOSAL**

On 3 January 2020, the Selling Shareholder and the Potential Buyer entered into a share transfer agreement, pursuant to which the Selling Shareholder agreed to sell, and the Potential Buyer agreed to purchase, the Disposal Shares, being 40,000,000 Shares (representing 10.0% of the entire issued share capital of the Company as at the date of this joint announcement), and completion of the Disposal took place on 23 December 2020. Upon completion of the Disposal and as at the date of this joint announcement, the Potential Buyer is interested in the Disposal Shares.

## **THE SHARE ACQUISITION AND THE SALE AND PURCHASE AGREEMENT**

On 5 January 2020, the Selling Shareholder and the Potential Buyer entered into the MOU, pursuant to which the Selling Shareholder intended to sell, and the Potential Buyer intended to purchase, the Sale Shares, being 123,600,000 Shares (representing 30.9% of the entire issued share capital of the Company as at the date of this joint announcement).

During the course of the negotiations of the terms of the Sale and Purchase Agreement, there were changes in the shareholding structure of the Potential Buyer and due to commercial considerations, Mr. Li, the ultimate controlling shareholder of the Potential Buyer, decided to procure the Offeror, a company indirectly wholly-owned by Mr. Li, to substitute the Potential Buyer to purchase the Sale Shares. The Selling Shareholder agreed to the change of purchaser for the Share Acquisition. For further information, please refer to the announcement of the Company dated 1 February 2021.

On 31 March 2021 (after trading hours), the Offeror and the Selling Shareholder entered into the Sale and Purchase Agreement pursuant to which, the Selling Shareholder agreed to sell, and the Offeror agreed to purchase, the Sale Shares, free from all mortgages, liens, Encumbrances, any form of third party interest or right, or claims of any kind and together with all rights attaching or accruing to them at and from the date of the Sale and Purchase Agreement which the Selling Shareholder has in the Sale Shares (including but not limited to any dividends declared, distributed or paid or payable on or after the date of the Sale and Purchase Agreement), for a total Consideration of HK\$24,720,000, equivalent to HK\$0.20 per Sale Share. Completion took place on 15 April 2021.

Immediately before Completion, save for the Disposal Shares, being 40,000,000 Shares, held by the Potential Buyer, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any voting rights or rights over any Shares, options, derivatives, warrants or other securities convertible into Shares. Given Mr. Li is the ultimate controlling shareholder of both the Potential Buyer and the Offeror, Mr. Li, the Potential Buyer and the Offeror are presumed to be parties acting in concert under Class (8) of the definition of “Acting in concert” under the Takeovers Code. Accordingly, immediately after Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it are collectively interested in 163,600,000 Shares, representing 40.9% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it).

As at the date of this joint announcement, the Company has 400,000,000 Shares in issue. The Directors confirm that, the Company does not have any outstanding convertible securities, options and warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. Save for the 400,000,000 Shares, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the date of this joint announcement.

## **MANDATORY CONDITIONAL GENERAL OFFER**

Forwin Securities will make the Offer for and on behalf of the Offeror on the terms to be set out in the Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer Share ..... HK\$0.20 in cash

The Offer Price of HK\$0.20 per Offer Share is the same as the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement and being the highest price paid by the Offeror or any parties acting in concert with it for the Shares during the Offer Period and within six months prior to its commencement. On the basis of the Offer Price of HK\$0.20 per Share which is equal to the price per Sale Share under the Sale and Purchase Agreement and 400,000,000 Shares in issue as at the date of this joint announcement, the entire issued Shares of the Company will be valued at HK\$80 million. As the Offeror and parties acting in concert with it own 163,600,000 Shares immediately after Completion and as at the date of this joint announcement, 236,400,000 Shares will be subject to the Offer and the total consideration of the Offer will be HK\$47,280,000 based on the Offer Price. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attached thereto as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date of despatch of the Composite Document. As at the date of this joint announcement, the Company does not have outstanding dividends which have been declared but not yet paid and the Company does not have any intention to declare or pay any future dividend or make other distribution on the Shares prior to the close of the Offer.

The Offer is conditional only upon the Offeror having received acceptances in respect of voting rights which, together with the Shares already owned by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it in aggregate holding more than 50% of the voting rights of the Company at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve). The Offeror will issue a further announcement in relation to the fulfilment of such condition (at which time the Offeror can declare the Offer unconditional as to acceptances if such condition has been fulfilled) and any revision, extension or lapse of the Offer, as the case may be, in accordance with the Takeovers Code. Pursuant to Rule 15.5 of the Takeovers Code, unless otherwise agreed by the Executive, the latest time at which the Offeror may declare the Offer unconditional as to acceptances is 7:00 p.m. (Hong Kong time) on the Extended Closing Date (or such later date to which the Executive may consent).

The principal terms of the Offer are set out in the section headed “MANDATORY CONDITIONAL CASH OFFER” below in this joint announcement.

#### **FINANCIAL RESOURCES AVAILABLE TO THE OFFEROR**

The Offeror intends to finance the cash consideration payable under the Offer through the Facility made available by Forwin Securities.

Titan Financial has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that there are sufficient financial resources available to the Offeror to satisfy the amount of funds required for the full acceptance of the Offer.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all the three independent non-executive Directors namely, Mr. Huang Xin, Mr. Tam Tak Kei Raymond and Mr. Ng Sai Leung, who have no direct or indirect interest in the Offer has been established to advise the Independent Shareholders as to whether the terms of the Offer are, or are not fair and reasonable and as to the acceptance of the Offer. Sorrento Capital has been appointed as the independent financial adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer.

## **DESPATCH OF COMPOSITE DOCUMENT**

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the Form of Acceptance, to the Shareholders within 21 days of the date of this joint announcement, or such later date as the Executive may approve.

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into the Composite Document which sets out, amongst others, details of the Offer (including the expected timetable and terms of the Offer), accompanied by the Form of Acceptance, and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offer. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched within 21 days of the date of this joint announcement unless the Executive grants consent for extension.

Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares was suspended with effect from 9:00 a.m. on Thursday, 1 April 2021 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Friday, 16 April 2021.

## **WARNING**

**This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Shareholders of the Offer to be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement. Shareholders and potential investors of the Company are reminded to read the Composite Document, especially the letter from the Independent Board Committee and the letter from the Independent Financial Adviser, and consider their recommendations and advices in connection with the Offer.**

**If the total number of the Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve) under the Offer, together with the Shares acquired by the Offeror or parties acting in concert with it before or during the Offer, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offer will not become unconditional and will lapse. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

References are made to the announcements published by the Company:

- (i) on 3 January 2020 and 28 December 2020 in relation to, among other things, the Disposal; and
- (ii) 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, 31 December 2020, 1 February 2021, 24 February 2021 and 24 March 2021 respectively, pursuant to Rule 3.7 of the Takeovers Code in relation to, among other things, the entering into of the MOU (and its supplemental agreements) for the Share Acquisition, the updates on the status of the Share Acquisition and the substitution of the Offeror for the Potential Buyer to effectuate the Share Acquisition and to make the Offer.

## **THE DISPOSAL**

On 3 January 2020, the Selling Shareholder and the Potential Buyer entered into a share transfer agreement, pursuant to which the Selling Shareholder agreed to sell, and the Potential Buyer agreed to purchase, the Disposal Shares, being 40,000,000 Shares (representing 10.0% of the entire issued share capital of the Company as at the date of this joint announcement), and completion of the Disposal took place on 23 December 2020. Upon completion of the Disposal and as at the date of this joint announcement, the Potential Buyer is interested in the Disposal Shares.

For further information, please refer to the announcements of the Company dated 3 January 2020 and 28 December 2020 setting out the details of the purchase of the Disposal Shares by the Potential Buyer from the Selling Shareholder.

## **THE SHARE ACQUISITION AND THE SALE AND PURCHASE AGREEMENT**

On 5 January 2020, the Selling Shareholder and the Potential Buyer entered into the MOU, pursuant to which the Selling Shareholder intended to sell, and the Potential Buyer intended to purchase, the Sale Shares, being 123,600,000 Shares (representing 30.9% of the entire issued share capital of the Company as at the date of this joint announcement).



During the course of the negotiations of the terms of the Sale and Purchase Agreement, there were changes in the shareholding structure of the Potential Buyer and due to commercial considerations, Mr. Li, the ultimate controlling shareholder of the Potential Buyer, decided to procure the Offeror, a company indirectly wholly-owned by Mr. Li, to substitute the Potential Buyer to purchase the Sale Shares. The Selling Shareholder agreed to the change of purchaser for the Share Acquisition. For further information, please refer to the announcement of the Company dated 1 February 2021.

On 31 March 2021 (after trading hours), the Offeror and the Selling Shareholder entered into the Sale and Purchase Agreement pursuant to which, the Selling Shareholder agreed to sell, and the Offeror agreed to purchase, the Sale Shares, free from all mortgages, liens, Encumbrances, any form of third party interest or right, or claims of any kind and together with all rights attaching or accruing to them at and from the date of the Sale and Purchase Agreement which the Selling Shareholder has in the Sale Shares (including but not limited to any dividends declared, distributed or paid or payable on or after the date of the Sale and Purchase Agreement), for a total Consideration of HK\$24,720,000, equivalent to HK\$0.20 per Sale Share.

The principal terms of the Sale and Purchase Agreement are set out below:

**Date:** 31 March 2021

**Parties:**

- (i) the Offeror as purchaser;
- (ii) the Selling Shareholder as vendor; and
- (iii) the Guarantor as guarantor of the Selling Shareholder.

**Sale Shares**

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Selling Shareholder agreed to sell, and the Offeror agreed to purchase, the Sale Shares free from all mortgages, liens, Encumbrances, any form of third party interest or right, or claims of any kind and together with all rights attaching or accruing to them at and from the date of the Sale and Purchase Agreement which the Selling Shareholder has in the Sale Shares (including but not limited to any dividends declared, distributed or paid or payable on or after the date of the Sale and Purchase Agreement).

The Sale Shares, being 123,600,000 Shares, represent 30.9% of the entire issued share capital of the Company as at the date of this joint announcement.

## **Consideration**

The Consideration is HK\$24,720,000 (representing HK\$0.20 per Sale Share) which was agreed between the Offeror and the Selling Shareholder after arm's length negotiation, HK\$6,000,000 of which was paid by the Potential Buyer in cash on the date of the MOU as the Earnest Money pursuant to the MOU and has been applied in full to satisfy part of the Consideration. The balance of the Consideration, being HK\$18,720,000, has been fully settled by the Offeror in cash at Completion.

Save for (i) the consideration paid by the Potential Buyer to the Selling Shareholder under the Disposal, being HK\$6,400,000; (ii) the Earnest Money paid by the Potential Buyer to the Selling Shareholder upon entering into of the MOU, being HK\$6,000,000; and (iii) the balance of the Consideration paid by the Offeror at Completion to the Selling Shareholder pursuant to the Sale and Purchase Agreement, being HK\$18,720,000, there is no other consideration, compensation or benefit in whatever form provided by the Offeror or parties acting in concert with it to the Selling Shareholder or parties acting in concert with it.

## **Conditions Precedent to Completion**

Completion is conditional upon each of the following conditions being fulfilled or waived (as the case may be) on or before the Long Stop Date:

- (a) the warranties given by the Selling Shareholder and the Guarantor under the Sale and Purchase Agreement are true, complete and accurate in all material aspects as at the date of the Sale and Purchase Agreement and as at the Completion Date;
- (b) at any time after the date of the Sale and Purchase Agreement until the Completion Date, (i) the current listing of the Shares on the Stock Exchange not having been cancelled or withdrawn and the Shares continuing to be traded on the Stock Exchange, save for any temporary suspension on trading in connection with approval of the transactions under the Sale and Purchase Agreement and the Offer by the SFC or the Stock Exchange, and (ii) neither the Stock Exchange nor the SFC having indicated that the trading of the Shares on the Stock Exchange will possibly be withdrawn at or before Completion or that it will withdraw or object to the continued listing of the Shares on the Stock Exchange;
- (c) the Selling Shareholder and the Offeror having obtained all permits, consents, approvals or authorisations necessary under the Sale and Purchase Agreement and the transactions contemplated therein (including but not limited to the permit, consent, approval and authorisation of the relevant governmental authorities, regulatory authorities, authorities, or independent third parties (including banks)) and such permit, consent, approval and authorisation remaining in full force and effect as at the Completion Date and none of the authorities has recommended, promulgated or enforced any laws, regulations, orders, decrees, notices or rulings prohibiting, restricting or seriously delaying the sale of the Sale Shares or Completion or causing any significant or material adverse effect on the Company after Completion;



- (d) the Selling Shareholder having provided the Offeror with the certificate of incumbency and the certificate of good standing of Prosperous Composite and each of the certificates shall not be issued seven days or more prior to the date of the Sale and Purchase Agreement; and
- (e) the Offeror having been satisfied and accepted the results of due diligence reviews of the Group.

The Offeror may waive any of the conditions precedent (except condition (b)) set out above at any time by notice in writing to such effect to the Selling Shareholder. As at the date of this joint announcement, all the conditions precedent under the Sale and Purchase Agreement have been fulfilled and Completion took place on 15 April 2021.

### **Undertaking**

The Selling Shareholder and the Guarantor jointly and severally warrant and undertake to the Offeror, among other things, that:

- (a) as at 30 September 2020, the Group's net asset value shall be no less than HK\$40,000,000 and the total liabilities shall be no more than HK\$45,000,000;
- (b) on 31 March 2021:
  - (i) the total liabilities (including existing and contingent liabilities) of the Group shall be no more than HK\$45,000,000;
  - (ii) the Group's total borrowings from banks shall be no more than HK\$10,000,000; and
  - (iii) the total net asset value of the Group shall be no less than HK\$40,000,000;
- (c) there is no material adverse change to the Group's assets, liabilities, financial condition, profits, losses and other relevant matters since 30 September 2020 until the Latest Practicable Date;
- (d) save as disclosed to the Offeror, upon completion of the Offer, the Company has no debt (whether existing or contingent); and
- (e) the Selling Shareholder and the Guarantor jointly and severally agreed in the event that either the Selling Shareholder or the Guarantor fails to fulfill any of the undertakings (a) to (d) set out above, the Selling Shareholder and the Guarantor shall compensate the Offeror on a "dollar for dollar" basis; subject to the restrictions that (i) the aggregate amount of loss for which compensation is sought by the Offeror (on a single or cumulative basis) exceeds HK\$200,000 and the Offeror notifies the Selling Shareholder and the Guarantor in writing of the breach and the amount of compensation sought

within 24 months after the Completion Date; and (ii) the Selling Shareholder and the Guarantor shall compensate the Offeror up to the amount of the Consideration (including the Earnest Money).

As at the date of this joint announcement, none of the Offeror, the Selling Shareholder and the Guarantor is aware of any breach of any of the undertakings (a) to (d) set out above.

### **Guarantee**

Pursuant to the Sale and Purchase Agreement, the Guarantor unconditionally and irrevocably guaranteed to the Offeror the due performance of the obligations by the Selling Shareholder under the Sale and Purchase Agreement and other transaction documents in connection with the Sale and Purchase Agreement, and shall bear any loss or cost incurred arising from the Selling Shareholder's breach or non-performance of the obligations under the Sale and Purchase Agreement and other transaction documents in connection with the Sale and Purchase Agreement (whether or not the Sale and Purchase Agreement is cancelled or terminated).

### **Tax Indemnification**

Pursuant to the Sale and Purchase Agreement, the Selling Shareholder and the Guarantor jointly and severally guaranteed to the Offeror that they shall indemnify the Company, Prosperous Composite and Nantong Meigu against any tax liability and payment arising out of the profits or gains received by, or any event or transaction of, Nantong Meigu on or before the Completion Date, except for (i) any tax arising from continuous operation of daily business (excluding payment of fines, late fees, compensation or similar nature); and (ii) the tax caused by any actions, deeds, events or things done in the usual course of business of Nantong Meigu after the Completion Date.

For the avoidance of doubt, in the event that there is any change in the relevant taxation laws after the Completion Date which requires Nantong Meigu to make additional tax payments for the profits or gains received by, or any event or transaction of, it on or before the Completion Date, the Selling Shareholder and the Guarantor jointly and severally guaranteed to the Offeror that they shall indemnify the Company, Prosperous Composite and Nantong Meigu against any loss arising out of, and pay for, such additional tax payment.

As at the date of this joint announcement, none of the Offeror, the Selling Shareholder and the Guarantor is aware of any tax indemnification claim under the Sale and Purchase Agreement.

### **Completion**

Completion took place on the Completion Date, being 15 April 2021.

## **MANDATORY CONDITIONAL CASH OFFER**

Immediately before Completion, save for the Disposal Shares, being 40,000,000 Shares, held by the Potential Buyer, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any voting rights or rights over any Shares, options, derivatives, warrants or other securities convertible into Shares. Given Mr. Li is the ultimate controlling shareholder of both the Potential Buyer and the Offeror, Mr. Li, the Potential Buyer and the Offeror are presumed to be parties acting in concert under Class (8) of the definition of “Acting in concert” under the Takeovers Code. Accordingly, immediately after Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it are collectively interested in 163,600,000 Shares, representing 40.9% of the entire issued share capital of the Company. Save for the interests in 163,600,000 Shares, the Offeror and parties acting in concert with it do not hold any beneficial interest in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it).

### **Principal terms of the Offer**

Forwin Securities will make the Offer for and on behalf of the Offeror on the terms to be set out in the Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . . HK\$0.20 in cash

The Offer Price of HK\$0.20 per Offer Share is the same as the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement and being the highest price paid by the Offeror or any parties acting in concert with it for the Shares during the Offer Period and within six months prior to its commencement. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attached thereto as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date of despatch of the Composite Document. As at the date of this joint announcement, the Company does not have outstanding dividends which have been declared but not yet paid and the Company does not have any intention to declare or pay any future dividend or make other distribution on the Shares prior to the close of the Offer.

The Offer is conditional only upon the Offeror having received acceptances in respect of voting rights which, together with the Shares already owned by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it in aggregate holding more than 50% of the voting rights of the Company at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve). The Offeror will issue a further announcement in relation to the fulfilment of such condition (at which time the Offeror can declare the Offer unconditional as to acceptances if such condition has been fulfilled) and any revision, extension or lapse of the Offer, as the case may be, in accordance with the Takeovers Code. Pursuant to Rule 15.5 of the Takeovers Code, unless otherwise agreed by the Executive, the latest time at which the Offeror may declare the Offer unconditional as to acceptances is 7:00 p.m. (Hong Kong time) on the Extended Closing Date (or such later date to which the Executive may consent).

As at the date of this joint announcement, the Company has 400,000,000 Shares in issue. The Directors confirm that, the Company does not have any outstanding convertible securities, options and warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. Save for the 400,000,000 Shares, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the date of this joint announcement.

### **Comparisons of value**

The Offer Price of HK\$0.20 per Offer Share represents:

- (a) a premium of approximately 33.3% over the closing price of HK\$0.15 per Share, as quoted on the Stock Exchange on 3 January 2020, the last trading day prior to the publication of the first announcement made pursuant to Rule 3.7 of the Takeovers Code;
- (b) a discount of approximately 67.7% over the closing price of HK\$0.62 per Share, as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 66.3% over the average closing price of HK\$0.594 per Share, being the average closing price of the Shares for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 66.9% over the average closing price of HK\$0.604 per Share, being the average closing price of the Shares for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 67.7% over the average closing price of approximately HK\$0.62 per Share, being the average closing price of the Shares for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and

- (f) a premium of approximately 17.6% to the Company's audited net asset value of approximately HK\$0.17 per Share based on the Group's audited consolidated net asset value attributable to the Shareholders of approximately HK\$69.9 million (based on the exchange rate of HK\$1: RMB0.84518, the central parity rate published by the People's Bank of China on its website on 31 March 2021 for illustrative purposes) as at 31 December 2020 and 400,000,000 Shares in issue as at the date of this joint announcement.

### **Highest and lowest prices**

During the six-month period immediately prior to 8 January 2020, being the commencement date of the Offer Period, up to and including the Last Trading Day, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.91 per Share on 18 February 2020 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.115 per Share on 6 August 2019 and 13 August 2019.

### **Total consideration of the Offer**

On the basis of the Offer Price of HK\$0.20 per Share which is equal to the price per Sale Share under the Sale and Purchase Agreement and 400,000,000 Shares in issue as at the date of this joint announcement, the entire issued Shares of the Company will be valued at HK\$80 million. As the Offeror and parties acting in concert with it own 163,600,000 Shares immediately after Completion and as at the date of this joint announcement, 236,400,000 Shares will be subject to the Offer and the total consideration of the Offer will be HK\$47,280,000 based on the Offer Price.

### **Confirmation of financial resources**

The Offeror intends to finance the cash consideration payable under the Offer through the Facility provided by Forwin Securities.

As security to the Facility, on 31 March 2021, the Offeror and the Potential Buyer entered into three share charges in favour of Forwin Securities respectively: (i) the share charge entered into between the Potential Buyer as chargor and Forwin Securities as chargee in respect of the Disposal Shares; (ii) the share charge entered into between the Offeror as chargor and Forwin Securities as chargee in respect of the Sale Shares; and (iii) the share charge entered into between the Offeror as chargor and Forwin Securities as chargee in respect of the Shares to be acquired by the Offeror from the accepting Independent Shareholders pursuant to the Offer (if any).

On 31 March 2021, Mr. Li also executed a personal guarantee in favour of Forwin Securities pursuant to the Facility Agreement as security to the Facility. Titan Financial, as financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the amount of funds required for the full acceptance of the Offer.

## Dealing and interests in the Company's securities

The Offeror and parties acting in concert with it had not dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period immediately prior to 8 January 2020, being the commencement date of the Offer Period, and up to and including the date of the joint announcement, save for the following transactions:

Relevant Party	Date	Purchase/Sale	Number of Shares	Price per Share (HK\$)
The Potential Buyer	23 December 2020	Purchase	40,000,000	0.16
The Offeror	15 April 2021	Purchase	123,600,000	0.20

## Other arrangements

As at the date of this joint announcement:

- (i) save for the Facility Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (ii) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (iii) none of the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept the Offer;
- (iv) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and parties acting in concert with it;
- (v) none of the Offeror nor parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vi) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on one hand and the Selling Shareholder and parties acting in concert with it on the other hand;
- (vii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any shareholder of the Company; and (2)(a) the Offeror and parties acting in concert with it, or (b) the Company, its subsidiaries or associated companies;



- (viii) save for the Facility, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (ix) save for the Sale and Purchase Agreement and the Facility Agreement, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any of the Directors, recent directors of the Company, the Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offer;
- (x) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (xi) save for the Disposal Shares held by the Potential Buyer and the Sale Shares held by the Offeror, none of the Offeror nor parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company; and
- (xii) the Offeror confirms that other than (i) the consideration paid by the Potential Buyer to the Selling Shareholder under the Disposal, being HK\$6,400,000; (ii) the Earnest Money paid by the Potential Buyer to the Selling Shareholder upon the entering into of the MOU, being HK\$6,000,000; and (iii) the balance of the Consideration paid by the Offeror at Completion to the Selling Shareholder pursuant to the Sale and Purchase Agreement, being HK\$18,720,000, none of the Selling Shareholder nor the parties acting in concert with it received any other cash consideration or benefits in any form from the Offeror or parties acting in concert with it.

### **Stamp duty**

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

### **Taxation advice**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, the Selling Shareholder, the Guarantor, Titan Financial, Forwin Securities and their respective ultimate beneficial owners,

directors, officers, agents, associates, professional advisors or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **Effect of accepting the Offer**

By accepting the Offer, the relevant Independent Shareholders will sell their Shares to the Offeror or its nominee free from all Encumbrances and together with all rights attached thereto as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date of despatch of the Composite Document. As at the date of this joint announcement, the Company does not have outstanding dividends which have been declared but not yet paid and the Company does not have any intention to declare or pay any future dividend or make other distribution on the Shares prior to the close of the Offer.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### **Payment**

Payment in cash in respect of acceptances of the Offer (after deducting the accepting Independent Shareholders' share of stamp duty) will be made as soon as possible but in any event within seven Business Days of the date of receipt of a duly completed acceptance, or the date on which the Offer becomes or is declared unconditional in all aspects, whichever is later. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

### **Overseas Shareholders**

The Offer will be in respect of securities of a company incorporated in the Cayman Islands and will be subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. The Independent Shareholders who wish to participate in the Offer but with a registered address in jurisdictions outside Hong Kong will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer.

The Independent Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer should satisfy themselves as to the full observance of all applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Independent Shareholders in respect of such jurisdiction). Acceptance of the Offer by any Independent Shareholders who have registered addresses outside Hong Kong will be deemed to constitute

a representation and warranty from such Independent Shareholder to the Offeror that he/she is permitted under all applicable laws and regulations to receive and accept the Offer, that the local laws and requirements have been complied with and that such acceptance shall be valid and binding in accordance with applicable laws. The Independent Shareholders should consult their professional advisers in case of any doubt.

## **INFORMATION ON MR. LI, THE OFFEROR AND THE POTENTIAL BUYER**

The Offeror is an investment holding company incorporated in the BVI with limited liability. As at the date of this joint announcement, the Offeror is entirely owned by a Singapore company (with the same name as the Offeror) which is in turn wholly-owned by Mr. Li.

The Potential Buyer is a company established in accordance with the laws of the People's Republic of China and the principal operating businesses of which are biotechnology, research and development of medicine and other businesses as listed in its business license. As at the date of this joint announcement, the Potential Buyer is beneficially held as to approximately 92% by Mr. Li, approximately 4.17% by Mr. Jin Ersheng (金爾昇), approximately 1.67% by Mr. Wu Dong (吳東), approximately 1.67% 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, which is held as to 85% by Mr. Li and 15% by Mr. Li Fenglei (李風雷) respectively), approximately 0.33% by Mr. Qian Jiayou (錢嘉猷) and approximately 0.16% by Mr. Wang Qixun (王祺勳).

Mr. Li, aged 39, received his Executive Master of Business Administration (EMBA) in Investment, Financing and Capital Strategy from the Peking University in 2016. He has been serving as a director of Yunhong CTI Ltd. (formerly known as CTI Industries Corporation), a company principally engaged in (i) designing, manufacturing and distributing metalized and latex balloon products throughout the world; and (ii) operating systems for the production, lamination, coating and printing of films used for food packaging and other commercial uses and for conversion of films to flexible packaging containers and other products and is listed on the NASDAQ Capital Market (NASDAQ code: CTIB), since 13 January 2020 and was elected as chairman of the board on 1 June 2020. Mr. Li has also been serving as the chairman of Yunhong International (formerly known as China Yunhong Holdings), a blank cheque company listed on the NASDAQ Capital Market (NASDAQ code: ZGYHU) since its inception on 10 January 2019 and served as the chief executive officer from January 2019 to September 2019.

Given Mr. Li is the ultimate controlling shareholder of both the Potential Buyer and the Offeror, Mr. Li, the Potential Buyer and the Offeror are presumed to be parties acting in concert under Class (8) of the definition of "Acting in concert" under the Takeovers Code. As at the date of this joint announcement, the Offeror and parties acting in concert with it are interested in an aggregate of 163,600,000 Shares, representing 40.9% of the entire issued share capital of the Company. Save as disclosed above, the Offeror and parties acting in concert with it have no interest in any securities of the Company.

## INFORMATION ON THE COMPANY

The Company is an investment holding company incorporated in the Cayman Islands with limited liability and its Shares are listed on GEM. The Group is principally engaged in the research and development, production and sale of fiberglass reinforced plastic products in the PRC. The principal business of the Group is carried out through Nantong Meigu, an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability as at the date of this joint announcement.

The following table is certain financial information of the Group for the two financial years ended 31 December 2019 and 31 December 2020 as extracted from the Company's annual report for the year ended 31 December 2020.

	<b>For the year ended 31 December 2020 <i>RMB\$'000</i> (audited)</b>	<b>For the year ended 31 December 2019 <i>RMB\$'000</i> (audited)</b>
Revenue	97,608	80,269
Profit before tax	9,756	7,216
Profit after tax	5,549	3,474
Consolidated net asset value attributable to owners of the Company	59,090	53,141

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the date of this joint announcement:

Shareholders	(i) Immediately before Completion		(ii) Immediately after Completion and as at the date of this joint announcement	
	Number of Shares	%	Number of Shares	%
The Selling Shareholder ( <i>Note 1</i> )	123,600,000	30.90	–	–
<b>The Offeror and parties acting in concert with it</b>				
The Offeror ( <i>Note 2</i> )	–	–	123,600,000	30.90
The Potential Buyer ( <i>Note 2</i> )	40,000,000	10.00	40,000,000	10.00
<b>Sub-total</b>	40,000,000	10.00	163,600,000	40.90
Huang Xuechao ( <i>Note 3</i> )	103,620,000	25.90	103,620,000	25.90
Public Shareholders	132,780,000	33.20	132,780,000	33.20
<b>Total</b>	<u>400,000,000</u>	<u>100.00</u>	<u>400,000,000</u>	<u>100.00</u>

*Notes:*

- As at the date of this joint announcement, the Guarantor is the sole shareholder of the Selling Shareholder. Immediately before Completion, the Selling Shareholder held 123,600,000 Shares. Pursuant to a concert party deed entered into among the Guarantor, the Selling Shareholder, Mr. Shen Weixing (“**Mr. Shen**”) and Munsing Developments Limited (“**Munsing**”) dated 16 December 2016, the Guarantor, the Selling Shareholder, Mr. Shen and Munsing are parties acting in concert until the date of any written termination entered into by them. As such, the Guarantor, Mr. Shen and Munsing are deemed, or taken to be, interested in the Shares held by the Selling Shareholder for the purposes of the SFO.
- Mr. Li is the ultimate controlling shareholder of both the Potential Buyer and the Offeror; therefore, Mr. Li, the Potential Buyer and the Offeror are presumed to be parties acting in concert under Class (8) of the definition of “Acting in concert” under the Takeovers Code. Prior to Completion, the Potential Buyer was interested in 40,000,000 Shares (representing 10.0% of the entire share capital of the Company as at the date of this joint announcement). Immediately after Completion, the Offeror and parties acting in concert with it collectively hold 163,600,000 Shares, representing 40.9% of the voting rights of the Company.
- Given that Mr. Huang Xuechao and the Offeror each owns more than 20% of the issued share capital of the Company, Mr. Huang Xuechao is therefore presumed to be acting in concert with the Offeror in accordance with Class (1) of the definition of “Acting in concert” under the Takeovers Code. An application had been made by the Offeror to the Executive for the rebuttal of the presumed concert party relationship between the Offeror and Mr. Huang Xuechao which would arise upon Completion, and the Executive has granted such rebuttal.
- All percentages in the above table are approximations.

As at the date of this joint announcement, the Company has 400,000,000 Shares in issue. Save for the 400,000,000 Shares, the Company does not have any outstanding Shares, options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such Shares, options, derivatives or warrants or other securities of the Company.

## **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Following the close of the Offer, the Offeror intends to continue the existing principal business of the Group, being the research and development, production and sale of fiberglass reinforced plastic products in the PRC.

Leveraging on the experience of the personnel of the Group in the fiberglass reinforced plastic products industry in the PRC, the Offeror will explore possible business opportunities in both the PRC and overseas markets. The Offeror will also conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, business restructuring and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the GEM Listing Rules.

Save for the Offeror's intention regarding the Group as set out above, as at the date of this joint announcement, no investment or business opportunity has been identified nor has the Offeror entered into any agreements, arrangements, understandings or negotiations in relation to the injection of any assets or business into the Group, and the Offeror has no intention to discontinue the employment of any employees of the Group (save for the proposed change to the Board as set out in the section headed "PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY" below) nor dispose of any of the assets (including fixed assets) of the Group other than those in its ordinary and usual course of business.

## **PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY**

As at the date of this joint announcement, the executive Directors are the Guarantor, 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. Each of the Guarantor, Mr. Cheng Dong and Mr. Huang Xin will resign from his office as a Director pursuant to the terms of the Sale and Purchase Agreement with effect from the date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code.



Pursuant to the Sale and Purchase Agreement, the Selling Shareholder shall procure nominees of the Offeror to be appointed as Directors. It is intended that two executive Directors and one independent non-executive Director will be nominated by the Offeror. The proposed appointment of new Directors will be made on a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code and in accordance with the GEM Listing Rules. Further announcement in relation to the appointment and resignation of the Directors will be made by the Company as and when appropriate in compliance with the GEM Listing Rules and the Takeovers Code.

Save as disclosed above, it is the intention of the Offeror that there will be no material change in the existing management of the Group.

#### **MAINTENANCE OF THE LISTING STATUS AND SUFFICIENT PUBLIC FLOAT OF THE COMPANY**

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. In the event that the public float of the Company falls below 25% immediately after the close of the Offer, the Company may make an application with the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules for a certain period commencing from the date of closing of the Offer (the “**Period**”). The Company will take appropriate steps, including but not limited to, the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons, to restore the required minimum public float as early as practicable and in any event no later than the end of the Period. Further announcement(s) will be made by the Company regarding the restoration of public float in due course.

## **GENERAL**

### **Independent Board Committee and the Independent Financial Adviser**

An Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Huang Xin, Mr. Tam Tak Kei Raymond and Mr. Ng Sai Leung, who have no direct or indirect interest in the Offer has been established to advise the Independent Shareholders in relation to the terms and conditions of the Offer. Sorrento Capital has been appointed as the independent financial adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer.

### **DESPATCH OF COMPOSITE DOCUMENT**

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the Form of Acceptance, to the Shareholders within 21 days of the date of this joint announcement, or such later date as the Executive may approve.

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into the Composite Document which sets out, amongst others, details of the Offer (including the expected timetable and terms of the Offer), accompanied by the Form of Acceptance, and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offer. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched within 21 days of the date of this joint announcement unless the Executive grants consent for extension.

Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

### **Dealings Disclosure**

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code) of the Company and the Offeror (including persons who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company or the Offeror) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares was suspended with effect from 9:00 a.m. on Thursday, 1 April 2021 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Friday, 16 April 2021.

## **WARNING**

**This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Shareholders of the Offer to be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement. Shareholders and potential investors of the Company are reminded to read the Composite Document, especially the letter from the Independent Board Committee and the letter from the Independent Financial Adviser, and consider their recommendations and advices in connection with the Offer.**

**If the total number of the Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve) under the Offer, together with the Shares acquired by the Offeror or parties acting in concert with it before or during the Offer, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offer will not become unconditional and will lapse. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

## **DEFINITIONS**

In this joint announcement, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“Company”	MEIGU Technology Holding Group Limited (美固科技控股集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions in the Sale and Purchase Agreement
“Completion Date”	15 April 2021, the date on which the Completion took place
“Composite Document”	the composite offer and response document to be jointly despatched by the Offeror and the Company in accordance with the Takeovers Code, containing, among other things, details of the Offer, the Form of Acceptance, the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser

“connected person(s)”	has the same meaning ascribed to it in the GEM Listing Rules
“Consideration”	HK\$24,720,000, the consideration paid by the Offeror to the Selling Shareholder for the purchase of the Sale Shares under the Sale and Purchase Agreement
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the sale and purchase of the Disposal Shares pursuant to the terms and conditions of a share transfer agreement dated 3 January 2020 and the completion of which took place on 23 December 2020
“Disposal Shares”	the 40,000,000 Shares (representing 10.0% of the entire issued share capital of the Company as at the date of this joint announcement) acquired by the Potential Buyer from the Selling Shareholder under the Disposal
“Earnest Money”	HK\$6,000,000, the earnest money paid by the Potential Buyer to the Selling Shareholder on 5 January 2020 pursuant to the MOU and has been applied in full to satisfy part of the Consideration
“Encumbrances”	any mortgage, charge, pledge, encumbrance, restriction, lien, hypothecation of any property assignment, claim, trust arrangement, third party interest or right or other encumbrance, pre-emption right, purchase right or guaranteed benefit or other guarantee agreement, arrangement or other forms of similar rights and benefits over or in any property, assets or rights of whatsoever nature, whether over or in any existing or future asset
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Extended Closing Date”	the date which is 60 calendar days after the date of the despatch of the Composite Document, unless the date has been extended by the Offeror with the consent of the Board and the Executive pursuant to Rule 15.5 of the Takeovers Code

“Facility”	the non-revolving term loan facility of HK\$47,580,000 made available by Forwin Securities to the Offeror under the Facility Agreement
“Facility Agreement”	the facility agreement dated 31 March 2021 entered into by the Offeror as borrower and Forwin Securities as lender in respect of the Facility
“First Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer, which is 21 calendar days after the date of the despatch of the Composite Document, or any subsequent closing date of the Offer as may be extended in accordance with the Takeovers Code
“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Offer
“Forwin Securities”	Forwin Securities Group Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity under the SFO which, inter alia, engages in securities margin financing
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Jiang Guitang, a Director and the sole shareholder and director of the Selling Shareholder, as guarantor of the Selling Shareholder under the Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board (comprising all the three independent non-executive Directors namely Mr. Huang Xin, Mr. Tam Tak Kei Raymond and Mr. Ng Sai Leung) which has been established to advise the Independent Shareholders in relation to the terms and conditions of the Offer



“Independent Financial Adviser” or “Sorrento Capital”	Sorrento Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Last Trading Day”	31 March 2021, being the last trading day of the Shares immediately prior to the halt in trading of the Shares on the Stock Exchange at 9:00 a.m. on 1 April 2021 pending the release of this joint announcement
“Latest Practicable Date”	the latest practicable date for the purpose of ascertaining certain information for inclusion in the Composite Document
“Long Stop Date”	17 April 2021 or such later time or date as the Selling Shareholder and the Offeror may agree in writing
“MOU”	the memorandum of agreement dated 5 January 2020 entered into between the Potential Buyer and the Selling Shareholder in respect of the possible sale and purchase of the Sale Shares (as supplemented by its supplemental agreements)
“Mr. Li”	Mr. Li Yubao (李玉保), the ultimate controlling shareholder of the Potential Buyer and the Offeror
“Nantong Meigu”	Nantong Meigu Composite Materials Company Limited* (南通美固複合材料有限公司), a company incorporated in the PRC and a direct wholly-owned subsidiary of Prosperous Composite, which is a direct wholly-owned subsidiary of the Company
“Offer”	the mandatory conditional general offer in cash to be made by Forwin Securities for and on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code at the Offer Price
“Offeror”	LF INTERNATIONAL PTE. LTD., a company incorporated in the BVI with limited liability and is indirectly wholly-owned by Mr. Li as at the date of this joint announcement

“Offer Period”	has the meaning ascribed to it under the Takeovers Code (i.e. commencing from 8 January 2020 and ending on the date the Offer closes or lapses)
“Offer Price”	the price per Offer Share at which the Offer will be made in cash, being HK\$0.20 per Offer Share
“Offer Share(s)”	issued Share(s) and Shares which may be issued by the Company following the date of this joint announcement, other than those already owned by the Offeror and parties acting in concert with it
“Potential Buyer”	Yunhong Group Co., Limited* (運鴻集團股份有限公司), a company incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China excluding, for the purpose of this joint announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prosperous Composite”	Prosperous Composite Material Co., Ltd., a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 March 2021 entered into among the Offeror, the Selling Shareholder and the Guarantor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	the 123,600,000 Shares (representing 30.9% of the entire issued share capital of the Company as at the date of this joint announcement) held by the Selling Shareholder prior to Completion
“Selling Shareholder”	Singa Dragon International Ventures Limited (龍祥國際投資有限公司), a company incorporated in the BVI with limited liability and the entire issued share capital of which is beneficially owned by the Guarantor, who is an executive Director, as at the date of this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the issued Share(s)
“Share Acquisition”	the sale and purchase of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Titan Financial”	Titan Financial Services Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer
“%”	per cent.

By order of the board of directors of  
**LF INTERNATIONAL PTE. LTD.**  
**Zhang Yaping**  
*Director*

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

Hong Kong, 15 April 2021

*As at the date of this joint 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.*

*As at the date of this joint announcement, the sole director of the Offeror is Ms. Zhang Yaping.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror and Mr. Li) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.*

*The sole director of the Offeror and Mr. Li jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading.*

*This joint announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the day of its publication. This joint announcement will also be published on the Company’s website at [www.nantongrate.com](http://www.nantongrate.com).*

*\* For identification purpose only*