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MEGAIN Holding (Cayman) Co., Ltd.

美佳音控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6939)

**UPDATE ON THE EXPECTED TIMETABLE FOR
USE OF NET PROCEEDS FROM THE GLOBAL OFFERING**

References are made to (i) the prospectus of MEGAIN Holding (Cayman) Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 18 March 2021 in relation to the global offering (the “**Global Offering**”) and the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Prospectus**”); and (ii) the interim report of the Company for the six months ended 30 June 2023 published on 22 September 2023 (the “**Interim Report**”) in which the utilisation of the net proceeds from the Global Offering as at 30 June 2023 was disclosed. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Interim Report.

Use of the net proceeds from the Global Offering

As disclosed in the Prospectus, the Company intended to use the net proceeds from the Global Offering for the following purposes:

- (i) approximately 51.4% of the net proceeds is intended to be used for strengthening the Group’s product development capacity and diversifying its product portfolio;
- (ii) approximately 16.8% of the net proceeds is intended to be used for accelerating the development of the Group’s hardware design capabilities through acquisition of integrated circuit design company;
- (iii) approximately 16.8% of the net proceeds is intended to be used for increasing the Group’s presence in the compatible cartridge industry through forward vertical expansion;
- (iv) approximately 2.5% of the net proceeds is intended to be used for stepping up the Group’s sales and marketing efforts to cater for the expansion of its product offerings;

- (v) approximately 2.5% of the net proceeds is intended to be used for improving the functionality of the Group's back office to support its business growth; and
- (vi) approximately 10.0% of the net proceeds is intended to be used for general working capital of the Group.

The net proceeds from the Global Offering and the exercise of the over-allotment option thereof, upon deduction of underwriting commissions and related costs and expenses, are approximately HK\$118 million (equivalent to approximately RMB98.5 million).

Update on the expected timetable for the use of the net proceeds from the Global Offering

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company wishes to inform the shareholders of the Company that the net proceeds from the Global Offering which remained unutilised as of 31 December 2023 were approximately HK\$57.9 million[#] (the “**Unutilised Net Proceeds**”). Having considered the reasons set out in the sub-paragraph headed “Reasons for the updated expected timetable for the use of the net proceeds from the Global Offering” below, the Board has resolved to extend the expected deadline for the use of the Unutilised Net Proceeds from 31 December 2023 to 31 December 2024. The utilisation of the net proceeds from the Global Offering as at 31 December 2023 and the revised expected deadline for the use of the Unutilised Net Proceeds are set out below:

Intended use of the net proceeds from the Global Offering	Approximate percentage of total amount	Allocation of net proceeds as disclosed in the Prospectus (RMB million) (approximately)	Actual utilised amount as at 31 December 2023 (RMB million) (approximately)	Unutilised Net Proceeds as at 31 December 2023 (RMB million) (approximately)	Updated expected deadline for utilisation of the Unutilised Net Proceeds
Strengthening the Group's product development capacity and diversifying the Group's product portfolio	51.4%	50.7	33.0	17.7	on or before 31 December 2024
Accelerating the development of the Group's hardware design capabilities through acquisition of integrated circuit design company	16.8%	16.6	-	16.6	on or before 31 December 2024
Increasing the Group's presence in the compatible cartridge industry through forward vertical expansion	16.8%	16.6	-	16.6	on or before 31 December 2024

Intended use of the net proceeds from the Global Offering	Approximate percentage of total amount	Allocation of net proceeds as disclosed in the Prospectus (RMB million) (approximately)	Actual utilised amount as at 31 December 2023 (RMB million) (approximately)	Unutilised Net Proceeds as at 31 December 2023 (RMB million) (approximately)	Updated expected deadline for utilisation of the Unutilised Net Proceeds
Stepping up the Group's sales and marketing efforts to cater for the expansion of the Group's product offerings	2.5%	2.5	2.5	-	on or before 31 December 2024
Improving the functionality of the Group's back office to support its business growth	2.5%	2.5	0.8	1.7	on or before 31 December 2024
General working capital	10.0%	9.9	9.9	-	-
Total:	100%	98.5	46.1	52.4	-

Note: The figures in the above table are subject to rounding adjustments. The discrepancy (if any) between totals and sums of separate figures listed are due to rounding adjustments.

Reasons for the updated expected timetable for the use of the net proceeds from the Global Offering

The intended use of the net proceeds from the Global Offering as disclosed in the Prospectus was based on the best estimation made by the Board in relation to the then future market conditions and business plans as at the latest practicable date of the Prospectus.

As disclosed in the Interim Report, while part of the net proceeds from the Global Offering were applied in accordance with the intended usage set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus within the timeframe indicated in the Prospectus, the actual utilisation of the net proceeds from the Global Offering was slower than expected. The delay was mainly caused by the impacts of the COVID-19 pandemic which has resulted in the slowdown of the Group's business development as a whole and the fierce competition for the talent in the research and development of semi-conductors from different industries such as artificial intelligence, electric vehicle, internet, smartphone, etc. Specifically, while the Group has been persistently striving for strengthening its product development capacity and diversifying its products portfolio, the keen competition for the talent in the research and development of semi-conductors made it difficult to expand its research and development team for hardware and software components on schedule. As a result, although the Group has utilised approximately RMB33.0 million, representing approximately 33.5% of the net proceeds allocated to “strengthening the Group's product development capacity and diversifying the Group's product portfolio”, the Unutilised Net Proceeds in such regard were to approximately RMB17.7 million as at 31 December 2023. Regarding the net proceeds allocated to “accelerating the development of the Group's hardware design capabilities

through acquisition of integrated circuit design company” and “increasing the Group’s presence in the compatible cartridge industry through forward vertical expansion”, although the Company strived to seek potential acquisition opportunities that are in line with the Group’s business strategy, in view of the uncertain economic outlook due to the COVID-19 pandemic, the Group has taken a prudent approach in acquisition. As a result, additional time is required for the investment in and acquisition of the potential targets that are complementary to the Group’s business. As at the date of this announcement, the Group is in the process of identifying suitable acquisition opportunities. Regarding the net proceeds allocated to “improving the functionality of the Group’s back office to support its business growth”, the Company needs more time to search for a suitable enterprise resource planning system that can facilitate its expansion to some new product lines such as chips for internet of things, on top of the existing compatible printer cartridge chips.

The Board confirms that there is no material change in the use of the net proceeds from the Global Offering as at the date of this announcement. Save as the changes disclosed above, there are no other proposed changes in the use of the net proceeds from the Global Offering. The Unutilised Net Proceeds will be utilised in a manner consistent with the above usage.

The expected timetable to use the Unutilised Net Proceeds is based on the Directors’ best estimation, barring any unforeseen circumstances, and it may be subject to change based on the market conditions. In the event of any material change in the timetable of the use of the Unutilised Net Proceeds, the Company will make appropriate announcement(s) in due course.

By order of the Board
MEGAIN Holding (Cayman) Co., Ltd.
Cheng Hsien-Wei
Chairman

Hong Kong, 2 January 2024

As at the date of this announcement, the Board comprises Mr. Cheng Hsien-Wei as executive Director; Mr. Lam Tsz Leung and Ms. Yu Erhao as non-executive Directors; and Mr. Chen Mark Da-jiang, Mr. Kao Yi-Ping and Mr. Li Huaxiong as independent non-executive Directors.

* *For identification purposes only*

The exchange rate adopted in this announcement is HK\$1.00 equivalent to RMB0.90564 based on the central parity rate published by the People’s Bank of China as of the announcement date.