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BYTE META
BYTE METAVERSE HOLDINGS LIMITED
比特元宇宙控股有限公司

(formerly known as Michong Metaverse (China) Holdings Group Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8645)

INSIDE INFORMATION –
MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE
PROPOSED ACQUISITION

MEMORANDUM OF UNDERSTANDING

This announcement is made by the Company pursuant to Rule 17.10(2)(a) of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 15 April 2024 (after trading hours), the Company entered into the MOU with the Vendors, pursuant to which, among others, (i) Mr. Zhao intends to sell, and the Company intends to acquire Sale Shares A; (ii) Mr. Li intends to sell, and the Company intends to acquire Sale Shares B; and (iii) Korea Land Trust Company intends to sell, and the Company intends to acquire Sale Shares C, which shall be satisfied by the Company (or its designated subsidiary) by way of (i) cash; or (ii) the procurement of the allotment and issue of the Consideration Shares, credited as fully paid, by the Company; or (iii) a combination of (i) and (ii) above, to each of Mr. Zhao, Mr. Li and Korea Land Trust Company, respectively, in proportion to their respective shareholdings in the Technology Company at Completion.

Upon Completion, the Company will be interested in (i) the entire issued share capital of Target Company A and Target Company B, respectively; and (ii) approximately 2% of the equity interest of the Technology Company directly, which in turn will be directly and indirectly interested in the entire equity interest of the Technology Company, and the Target Companies and the Technology Company will become subsidiaries of the Company.

Further announcement(s) will be made in respect of the Formal Agreement and/or the development of the Proposed Acquisition as and when appropriate in compliance with the GEM Listing Rules.

The Company wishes to emphasise that no legally binding agreement in relation to the Proposed Acquisition has been entered into by the Company as at the date of this announcement. Shareholders and potential investors of the Company should note that the Proposed Acquisition may or may not materialise and the final structure and terms of the Proposed Acquisition, which are pending further negotiations between the parties, have yet to be finalised and may deviate from those set out in the MOU. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

This announcement is made by the Company pursuant to Rule 17.10(2)(a) of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 15 April 2024 (after trading hours), the Company entered into the MOU with the Vendors, pursuant to which, among others, (i) Mr. Zhao intends to sell, and the Company intends to acquire Sale Shares A; (ii) Mr. Li intends to sell, and the Company intends to acquire Sale Shares B; and (iii) Korea Land Trust Company intends to sell, and the Company intends to acquire Sale Shares C.

Upon Completion, the Company will be interested in (i) the entire issued share capital of Target Company A and Target Company B, respectively; and (ii) approximately 2% of the equity interest of the Technology Company, which in turn will be directly and indirectly interested in the entire equity interest of the Technology Company, and the Target Companies and the Technology Company will become subsidiaries of the Company.

Details of the MOU are as follow:

Principal terms of the MOU

Date: 15 April 2024 (after trading hours)

Parties:

- (i) the Company;
- (ii) Mr. Zhao;
- (iii) Mr. Li; and
- (iv) Korea Land Trust Company.

Consideration

Subject to the completion of the due diligence review on the Target Companies and the Technology Company, the estimated Consideration for the Proposed Acquisition is proposed to be HK\$39,000,000, which may be satisfied by the Company (or its designated subsidiary) by way of (i) cash; or (ii) the procurement of the allotment and issue of the Consideration Shares by the Company and credited as fully paid; or (iii) a combination of (i) and (ii) above, to each of Mr. Zhao, Mr. Li and Korea Land Trust Company, respectively, in proportion to their respective shareholdings in the Technology Company at Completion, subject to further negotiation among the parties to the MOU and to be determined in the Formal Agreement.

It has also been agreed that in the event the Consideration Shares are to be allotted and issued for settling the Consideration (in whole or in part), the issue price for each Consideration Share shall be fixed at HK\$0.218. Assuming the Consideration (subject to finalisation and to be determined in the Formal Agreement) is to be satisfied solely by the allotment and issue of Consideration Shares and there has been no other change in the share capital of the Company from the date hereof up to the date of completion of the Proposed Acquisition, 180,000,000 Consideration Shares will be allotted and issued, and would represent (i) approximately 25% of the issued share capital of the Company as at the date of this announcement, and (ii) approximately 20% of the share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Conditions Precedent

Completion of the Proposed Acquisition is expected to be conditional upon, among other things, the fulfilment or waiver (if applicable) of the following conditions precedent:

- (1) the passing by the Shareholders not required under the GEM Listing Rules to abstain from voting at the EGM of all necessary resolution(s) to approve the Formal Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares);
- (2) the GEM Listing Committee granting the listing of and the permission to deal in the Consideration Shares;
- (3) the obtaining of a legal opinion (in form and substance satisfactory to the Company) issued by a Korean legal adviser designated by the Company in relation to the Target Companies, the Technology Company, the Restructuring and all other relevant matters in relation to the Formal Agreement;
- (4) all necessary consents and approvals to be obtained on the part of the Company in respect of the Proposed Acquisition having been obtained, and such consents and approvals remain valid and not being revoked;

- (5) all necessary consents and approvals to be obtained on the part of the Vendors in respect of the Proposed Acquisition having been obtained, and such consents and approvals remain valid and not having been revoked;
- (6) the Company being satisfied with the results of the due diligence in respect of the Target Companies, the Technology Company, the assets of the relevant businesses (including but not limited to all licenses and patent documents in relation to the relevant businesses) and all other matters (including but not limited to legal, finance and the technology group);
- (7) the warranties in the Formal Agreement remaining true, accurate and not misleading in all material respects, and there being no events, facts or circumstances that constitute or may constitute a breach of warranties in the Formal Agreement;
- (8) the Restructuring having been completed; and
- (9) the obtaining of a valuation report (in form and substance satisfactory to the Company) issued by an independent valuer appointed by the Company showing that the valuation of the Sale Shares to be not less than HK\$39,000,000.

Due Diligence

The Company shall or shall procure its advisers and representatives to, after the signing of the MOU, conduct due diligence review on the Target Companies, the Technology Company, the assets of the relevant businesses (including but not limited to all licenses and patent documents in relation to the relevant businesses) and all other matters (including but not limited to legal, finance and the technology group) promptly. The Vendors shall, and shall procure their respective representatives to provide assistance in this regard.

Exclusivity

During the period of three (3) months from the date of the MOU (or such later date(s) as may be agreed by the parties (or the nominee of the Company)) (the “**Exclusivity Period**”), each of the Company and the Vendors agrees, and agrees to procure their respective related parties, directors, officers, employees, agents and/or representatives, not to (i) persuade, initiate or encourage enquiries or invitations; (ii) initiate, continue negotiations or provide information; or (iii) enter into any agreement, letter of intent or memorandum of understanding, with any person or entity other than the parties concerning the transfer of the Sale Shares, and each of the Company and the Vendors shall promptly notify the other party of any such inquiries by any third parties regarding the foregoing.

Formal Agreement

The Company (or its designated subsidiary) and the Vendors will proceed with further negotiations for the entering into of the Formal Agreement within three (3) months from the date of the MOU (or such later date(s) as may be agreed by the Company (or its designated subsidiary) and the Vendors).

The Formal Agreement shall include customary terms, conditions, undertakings and indemnities for transactions of similar nature and the conditions precedent as set out in the section headed “Conditions Precedent” above.

Legal Effect

The MOU is not legally binding on the parties thereto save for certain provisions including those relating to the issue price of the Consideration Share, Exclusivity Period, confidentiality and governing law.

INFORMATION ON THE PARTIES

The Group and the Company

The Group is principally engaged in rendering of (i) network support services which mainly encompass network infrastructure design and hardware installation, network management and security services; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; (iii) e-commerce; and (iv) online game IP authorization management services. The Company is an investment holding company.

Mr. Zhao

Mr. Zhao is an experienced investor in financial technology industry. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Mr. Zhao is an Independent Third Party.

Mr. Li

Mr. Li is an experienced investor in financial technology industry. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Mr. Li is an Independent Third Party.

Korea Land Trust Company

Korea Land Trust Company is a company incorporated in Korea with limited liability and is principally engaged in real estate development and real property management and investment businesses. It is a company listed on the Korea Stock Exchange (stock code: 034830:KS). To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Korea Land Trust Company and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION ON THE RESTRUCTURING

Immediately prior to the Restructuring and as at the date of this announcement, each of Mr. Zhao, Mr. Li and the Korea Land Trust Company, is directly and beneficially interested in approximately 75.5%, 22.5% and 2% of the entire issued share capital in the Technology Company, respectively. As at the date of this announcement, the Technology Company is a company incorporated in Korea with limited liability, which is principally engaged in the technological development of the virtual assets trading platform.

Upon completion of the Restructuring, (i) Mr. Zhao will be indirectly interested in approximately 75.5% of the entire issued share capital in the Technology Company via Target Company A; (ii) Mr. Li will be indirectly interested in approximately 22.5% of the entire issued share capital in the Technology Company via Target Company B; and (iii) the Korea Land Trust Company will remain to be directly interested in approximately 2% of the entire issued share capital in the Technology Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU AND THE PROPOSED ACQUISITION

As also mentioned in the business update announcement of the Company dated 22 March 2024 (the “**Announcement**”), the Board is of the opinion that blockchain technology, as well as virtual assets, has the potential to bring about profound changes to the existing financial and technology industries.

As such, continuous efforts and investments have been put in by the Group in the blockchain technology. Since 2023, the Group has made significant investment in the blockchain technology, including but not limited to the investment in a licensed corporation and the establishment of a subsidiary principally engaging in blockchain research and development. Bitcoin World Technology Limited, an indirect wholly owned subsidiary of the Company, is preparing to submit the relevant applications for the requisite licenses (the “**Licenses**”) to the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities in Hong Kong under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and to carry on the business of operating a virtual asset exchange (virtual asset service) as defined under section 53ZR and Schedule 3B to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong). For more information about the application for the Licenses, please refer to the Announcement for details.

Thus, the Proposed Acquisition, if materialises, is in line with the development strategy of the Group and enable the Group to further enhance the company’s technical reserves and R& D level in virtual asset trading services, thereby generating optimal synergy effect among the Group. The Technology Company can also provide technical support to the potential operation of virtual asset platform business of the Group subject to and when the requisite Licenses are granted as set out in the Announcement.

In view of the above, the Directors consider that the terms of the Proposed Acquisition and the entering into of the MOU are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL

In the event the Proposed Acquisition materialises, the Proposed Acquisition may constitute a notifiable transaction of the Company under the GEM Listing Rules.

Further announcement(s) will be made in respect of the Formal Agreement and/or the development of the Proposed Acquisition as and when appropriate in compliance with the GEM Listing Rules.

The Company wishes to emphasise that no legally binding agreement in relation to the Proposed Acquisition has been entered into by the Company as at the date of this announcement. Shareholders and potential investors of the Company should note that the Proposed Acquisition may or may not materialise and the final structure and terms of the Proposed Acquisition, which are pending further negotiations between the parties, have yet to be finalised and may deviate from those set out in the MOU. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Byte Metaverse Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8645)
“Completion”	completion of the Proposed Acquisition in accordance with the terms and conditions of the Formal Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	preliminary estimated to be HK\$39,000,000, being the total consideration to be satisfied by Company to the Vendors for the Proposed Acquisition (subject to finalisation and to be determined in the Formal Agreement)

“Consideration Shares”	Shares to be allotted and issued by the Company to each of (i) Mr. Zhao, (ii) Mr Li; and (iii) Korea Land Trust Company, respectively, to settle part of the Consideration, details of which will be set out in the Formal Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Formal Agreement and the transactions contemplated thereunder (including but not limited to the Proposed Acquisition and the allotment and issue of the Consideration Shares)
“Formal Agreement”	the definitive and legally-binding agreement in relation to the Proposed Acquisition to be entered into by the Company and Vendors
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company pursuant to the GEM Listing Rules
“Korea”	The Republic of Korea
“Korea Land Trust Company”	Korea Real Estate Investment & Trust Company Limited (formerly known as Korean Land Trust Company Limited), a company incorporated in Korea and the issued shares of which are listed on the Korea Stock Exchange (stock code: 034830: KS)
“MOU”	the memorandum of understanding dated 15 April 2024 entered into between the Company and the Vendors in relation to the Proposed Acquisition

“Mr. Zhao”	趙國峰先生 (Mr. Zhao Guo Feng), the ultimate beneficial owner of Target Company A
“Mr. Li”	李林先生 (Mr. Li Lin), the ultimate beneficial owner of Target Company B
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by the Company pursuant to the Formal Agreement
“Restructuring”	restructuring of the shareholding structure in respect of the holding companies of the Technology Company, pursuant to which Target Company A, Target Company B and Korea Land Trust Company shall, directly or indirectly, be interested in approximately 75.5%, 22.5% and 2% of the entire issued share capital in the Technology Company, respectively
“Sale Shares”	collectively, Sale Shares A, Sale Shares B and Sale Shares C
“Sale Shares A”	the entire issued share capital of the Target Company A
“Sale Shares B”	the entire issued share capital of the Target Company B
“Sale Shares C”	the 34,042 ordinary shares of the Technology Company, representing approximately 2% of the total issued share capital of the Technology Company as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, Target Company A and Target Company B
“Target Company A”	a company to be incorporated in the British Virgin Islands with limited liability with its entire issued share capital to be owned by Mr. Zhao upon completion of the Restructuring

“Target Company B”	a company to be incorporated in the British Virgin Islands with limited liability with its entire issued share capital to be owned by Mr. Li upon completion of the Restructuring
“Technology Company”	HUOBI Co. Ltd*, a company incorporated in Korea with limited liability and is held as to approximately 75.5%, 22.5% and 2% by each of Mr. Zhao, Mr. Li and the Korea Land Trust Company, respectively, as at the date of this announcement
“Vendors”	collectively, Mr. Zhao, Mr. Li and Korea Land Trust Company
“%”	per cent.

* *For identification purpose only*

By order of the Board
Byte Metaverse Holdings Limited
Yu Decai

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 15 April 2024

As at the date of this announcement, the Board comprises Mr. Yu Decai and Mr. Hu Mingdai as Executive Directors; Ms. Jin Yangyang as Non-executive Director; and Dr. Tsoi Chi Chuen Cheney, Mr. Ng Der Sian and Ms. Zheng Li Ping as Independent Non-executive Directors.

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 website at www.hkexnews.hk on the “Latest Listed Company Information” page for at least seven days from the date of its publication. This announcement will also be published on the Company’s website at byte-metaverse.com.