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美好發展集團

MH DEVELOPMENT

MH Development Limited

美好發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2662)

- (1) DECISION OF THE LISTING COMMITTEE
FOR THE CANCELLATION OF LISTING;**
- (2) REVIEW REQUEST OF THE DELISTING DECISION;**
- (3) PROPOSED CAPITAL REORGANISATION;**
- (4) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION
OF NEW SHARES UNDER SPECIFIC MANDATE; AND**
- (5) APPLICATION FOR WHITEWASH WAIVER**

This announcement is made by MH Development Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the announcements of the Company dated 5 July 2019, 9 July 2019, 16 July 2019, 18 July 2019, 19 July 2019, 29 July 2019, 15 August 2019, 4 September 2019, 30 September 2019, 10 October 2019, 6 March 2020, 15 April 2020, 18 September 2020, 16 October 2020, 23 October 2020, 9 November 2020, 1 December 2020, 11 December 2020, 14 January 2021, 15 January 2021 and 22 February 2021; (ii) the annual reports of the Company for the years ended 30 June 2019 and 2020; (iii) the interim reports of the Company for the six months ended 31 December 2019 and 2020; (iv) the announcement of results of special audit for the seven months ended 31 January 2021 of the Company dated 23 March 2021; and (v) the quarterly update announcements of the Company dated 18 October 2019, 20 January 2020, 21 April 2020, 28 July 2020, 22

October 2020, 18 January 2021 and 16 April 2021 (collectively, the “**Announcement(s)**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcements.

BACKGROUND

Trading in the Shares have been suspended with effect from 9:00 a.m. on 19 July 2019 and will remain suspended pending fulfilment of the Resumption Guidance. The period for the Company to resume trading has expired on 18 January 2021 under Rule 6.01A(1) of the Listing Rules.

LISTING COMMITTEE DECISION ON CANCELLATION OF LISTING

On 22 April 2021, the Listing Committee of the Stock Exchange (the “**Listing Committee**”) considered the Company’s case. The Company received a letter (the “**Letter**”) from the Stock Exchange dated 23 April 2021 stating that the Listing Committee decided to reject the Company’s request for extending the resumption deadline, and cancel the Company’s listing under Rule 6.01A of the Listing Rules (the “**Delisting Decision**”).

It is indicated in the Letter that unless the Company applies for a review of the Delisting Decision pursuant to Chapter 2B of the Listing Rules, the last day of listing of the Shares would be on 7 May 2021, and the listing of the Shares would be cancelled with effect from 9:00 a.m. on 10 May 2021.

RESUMPTION GUIDANCE

The Stock Exchange has set out the below Resumption Guidance for the Company in August 2019 and October 2019:

- (a) disclose details of the Custody of Ms. Lo by the Bureau and its impact on the Company’s financial and operation position;
- (b) demonstrate that there is no reasonable regulatory concern about management integrity, and/or any persons with substantial influence over the Company’s management and operations which will pose a risk to investors and damage market confidence;
- (c) demonstrate its compliance with Rule 13.24 of the Listing Rules to warrant the continued listing of the Shares (the “**Resumption Guidance Regarding LR13.24**”);
- (d) clarify the Company’s current shareholding structure;
- (e) announce all material information for the Shareholders and investors to appraise its position; and
- (f) publish all outstanding financial results and address any audit modifications.

UPDATE ON RESUMPTION PROGRESS

According to the Letter, (i) the Listing Committee considered paragraphs (a), (d), (e) and (f) of the Resumption Guidance to be fulfilled or did not take issue on the Company's fulfilment; and (ii) the Listing Committee did not consider paragraphs (b) and (c) of the Resumption Guidance to be fulfilled. The Company intends to submit an application requesting the Delisting Decision be referred to the Listing Review Committee for review. The Company will make further update announcements as and when appropriate.

SUBMISSION OF REVIEW REQUEST

The Company is in the course of seeking professional advice and considering the Delisting Decision, and intends to submit an application by 4 May 2021 requesting the Delisting Decision be referred to the Listing Review Committee for review pursuant to Chapter 2B of the Listing Rules (the "**LRC Review**").

The Company hereby reminds its shareholders (the "**Shareholders**") and potential investors that the outcome of the LRC Review is uncertain. Shareholders who have any queries about the implications of the delisting of the Shares are advised to seek appropriate professional advice. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE CAPITAL REORGANISATION AND THE SUBSCRIPTION

Reference is also made to the announcements of the Company dated 22 February 2021 and 29 March 2021 and the circular (the "**Subscription Circular**") of the Company dated 29 March 2021 in relation to, among others, the Capital Reorganisation and the Subscription.

On 22 February 2021, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 218,689,624 New Shares at the Subscription Price of HK\$0.183 per Subscription Share to the Subscriber. The net proceeds of the Subscription is expected to be approximately HK\$22.1 million. The Company has despatched the Subscription Circular to the Shareholders on 29 March 2021, containing, among other things, further details of the Capital Reorganisation and the Subscription, and a notice convening the EGM to be held on 30 April 2021 for the purpose of considering, among other things, and if thought fit, approving the Capital Reorganisation, the Subscription, the Specific Mandate, the Whitewash Waiver and the transactions contemplated thereunder.

With reference to the letter from the Board (the “**Board Letter**”) in the Subscription Circular, in order to fulfill the Resumption Guidance Regarding LR13.24, the Group has been re-commencing its existing operations in the IP related businesses, which require significant amount of working capital for the Group to invest in resources such as staff and operational costs. Taking into account the importance of the funds required by the Group to warrant the Resumption, the Subscription offered by the Subscriber provides not only funds required by the Group but also support to the Resumption.

After considering the Delisting Decision, the Board confirmed that its view and recommendation under the Board Letter remain unchanged as (i) the Company intends to submit an application requesting the Delisting Decision be referred to the Listing Review Committee for review and the outcome of the LRC Review is uncertain at present; and (ii) the purpose of the Subscription is to support the Group’s funding needs on business development and operation, and thus, facilitate the Company’s fulfilment of the Resumption Guidance Regarding LR13.24.

Reference is also made to the letter from the Independent Financial Adviser (the “**IFA Letter**”) in the Subscription Circular. Notwithstanding the Delisting Decision, the Independent Financial Adviser has confirmed that its advice contained in the IFA Letter regarding the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder remains unchanged due to the following grounds:

1. the Company intends to apply for the LRC Review on the Delisting Decision; and
2. the Subscription, as stated in the IFA Letter, provides an opportunity to raise new funds and maintain cash flow position for the continuing development of the Group’s business operation, which in turn may facilitate the Company’s compliance with the Resumption Guidance Regarding LR13.24, being one of the two Resumption Guidance that the Listing Committee did not consider the Company has fulfilled in the Delisting Decision.

In light of the above and considering that the Subscription facilitate the fulfilment of the Resumption Guidance Regarding LR13.24, the Board (including the independent non-executive Directors) concurs with the view of the Independent Financial Adviser that the advice contained in the IFA Letter remains unchanged, and considers that there is no new information in relation to the Subscription that the Shareholders have to take into account. Thus, the EGM shall continue to be held on 30 April 2021 to consider and approve the Capital Reorganisation, the Subscription, the Specific Mandate, the Whitewash Waiver and the transactions contemplated thereunder.

As the Capital Reorganisation and the Subscription are conditional upon the satisfaction of certain conditions precedent (including the resumption on trading of the Existing Shares and the New Shares on the Stock Exchange and the Executive granting the Whitewash Waiver), the Capital Reorganisation and/or the Subscription may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 19 July 2019 and will remain suspended until further notice.

Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

By Order of the Board of Directors
MH Development Limited
Liu Hui
Executive Director

Hong Kong, 26 April 2021

As at the date of this announcement, the Board comprises Ms. Liu Hui, Mr. Guo Ben and Mr. Shen Yang as the executive Directors and Mr. Ross Yu Limjoco and Mr. Zheng Yilei as the independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.