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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)

QUARTERLY UPDATE ON STATUS OF RESUMPTION

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, 22 February 2021, 26 April 2021, 30 April 2021 and 3 May 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.

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;
- (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

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**").

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.

After seeking professional advice and due consideration, on 3 May 2021, the Company has made a formal request to review the Delisting Decision by the Listing Review Committee pursuant to Chapter 2B of the Listing Rules.

UPDATE ON BUSINESS

The business operations of the Group comprise (A) IP licensing and comprehensive services which include provision of services in respect of (1) IP licensing; (2) IP content creation; (3) IP marketing; and (4) theme event services; and (B) sale and distribution of IP derived products.

The Group has continued to use its best endeavours to resume and expand its operations regarding its IP business. As at the date of this announcement, the Group has entered into 59 contracts which are mostly long-term business contracts with independent third party customers, including 14 contracts for IP licensing business (excluding POW!), 7 contracts for IP content creation business, 15 contracts for IP marketing business, 1 contract for theme event services and 22 contracts for sale and distribution of IP derived products. All of the abovementioned contracts generate a total amount of no less than HK\$160 million revenue, which is crucial for the Group's business. The Group has also entered into negotiations with various leading industry enterprises for cooperation and has already signed cooperation agreements with subsidiary of iDreamSky Technology Holdings Limited (1119.HK) and Meitu, Inc. (1357.HK) respectively, for joint development of IP related products.

In addition, the Group has been expanding its workforce as a result of the Group's expanding business and operations. As at the date of this announcement, the total number of employees (including Directors) being employed by the Group was 39. The Board believes that the Group has a viable and sustainable business as a whole and will be operating in full compliance with Rule 13.24 of the Listing Rules.

OTHER UPDATES

The Capital Reorganisation and the Subscription

References are made to (i) the announcements of the Company dated 22 February 2021, 29 March 2021 and 30 April 2021; (ii) the notice of extraordinary general meeting of the Company dated 29 March 2021; and (iii) the circular of the Company dated 29 March 2021 (the "**Circular**") in relation to, among others, the Capital Reorganisation and the Subscription.

At the extraordinary general meeting of the Company held on 30 April 2021, all the resolutions, including, among others, approving the Capital Reorganisation and the Subscription and the transactions contemplated thereunder, were duly passed by the Shareholders by way of poll.

Updates on fulfillment of conditions precedent

As disclosed in the Circular, the Capital Reorganisation is conditional on:

- (1) the passing of the necessary special resolution by the Shareholders to approve the Capital Reorganisation at the EGM;
- (2) the Stock Exchange granting the listing of, and the permission to deal in, the New Shares arising from the Capital Reorganisation;

- (3) the compliance with the relevant procedures and requirements under the laws of the Cayman Islands and the Listing Rules to effect the Capital Reorganisation;
- (4) the Grand Court of the Cayman Islands granting an order confirming the Capital Reduction;
- (5) compliance with any conditions which the Grand Court of the Cayman Islands may impose in relation to the Capital Reduction; and
- (6) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

As at the date of this announcement, save as condition (1) above, all other conditions had not been fulfilled.

In addition, as disclosed in the Circular, Completion of the Subscription is conditional upon fulfillment of the following conditions:

- (i) completion of the Capital Reorganisation;
- (ii) resumption on trading of the Existing Shares and the New Shares on the Stock Exchange;
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares;
- (iv) the Executive granting the Whitewash Waiver pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code to the Subscriber;
- (v) the Independent Shareholders approving the Subscription and the related transactions contemplated thereunder by ordinary resolution(s) and by way of poll;
- (vi) the Independent Shareholders approving the Whitewash Waiver by special resolution(s) and by way of poll; and
- (vii) all the warranties by the Company as issuer under the Subscription Agreement remain true, accurate and not misleading in all material respects at all times from the date of the Subscription Agreement up to Completion.

As at the date of this announcement, save as conditions (iv), (v), (vi) and (vii) above, all other conditions to the Subscription Agreement had not been fulfilled.

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 potential investors should note that the transactions contemplated under the Capital Reorganisation, the Subscription, the Specific Mandate and the Whitewash Waiver are subject to conditions including but not limited to the resumption of trading in the Existing Shares on the Stock Exchange and may or may not proceed.

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
Shen Yang
Executive Director

Hong Kong, 22 July 2021

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