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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

The Board announces that, Zhuhai Megain, an indirect wholly-owned subsidiary of the Company has subscribed for wealth management products offered by ICBC Bank in an aggregate amount of RMB50,000,000 on 19 December 2023 and 30 December 2023, respectively.

LISTING RULES IMPLICATIONS

As the ICBC I Subscription and the ICBC II Subscription were subscribed with the same bank and are of similar nature and were conducted within 12 months, they would be aggregated as if there were one transaction for the purpose of calculating the highest applicable percentage ratio pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio, on a standalone or an aggregate basis, in respect of the Subscriptions exceeds 5% but is less than 25%, the Subscriptions constitute a discloseable transaction of the Company for the purpose of the Listing Rules and are subject to the notification and announcement requirements but are exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company misunderstood that the Subscriptions were of a similar nature of fixed bank deposits particularly due to the guaranteed full repayment of the principal on maturity of the wealth management products. Due to the aforesaid, the Company did not make timely disclosure on the Subscriptions in accordance with Chapter 14 of the Listing Rules in a timely manner.

THE SUBSCRIPTIONS

The principal terms of the respective wealth management products are as follows:

(A) ICBC I Subscription

Date	:	19 December 2023
Parties	:	(1) Zhuhai Megain (2) ICBC Bank
Principal amount of subscription and product	:	Exchange Rate Linked and Cumulative RMB-denominated Corporate Structured Deposit Product of ICBC Bank (中國工商銀行掛鈎滙率區間人民幣結構性存款產品) with the principal amount of RMB20,000,000
Type of wealth management product	:	Principal-guaranteed with floating return
Range of expected annualized return rate	:	1.20% – 2.79%
Terms of the product	:	92 days

(B) ICBC II Subscription

Date	:	30 December 2023
Parties	:	(1) Zhuhai Megain (2) ICBC Bank
Principal amount of subscription and product	:	Exchange Rate Linked and Cumulative RMB-denominated Corporate Structured Deposit Product of ICBC Bank (中國工商銀行掛鈎滙率區間人民幣結構性存款產品) with principal amount of RMB30,000,000
Type of wealth management product	:	Principal-guaranteed with floating return
Range of expected annualized return rate	:	1.05% – 2.30%
Terms of the product	:	7 days

The considerations of the Subscriptions were determined on the basis of commercial terms negotiated at arm's length between Zhuhai Megain and ICBC Bank, having considered the then prevailing banking interest rates of deposits. The Subscriptions were made by the Group with its internal financial resources.

As at the date of this announcement, except for the ICBC II Subscription that was remain outstanding, the ICBC I Subscription had been redeemed in full in accordance with its terms.

INFORMATION ON THE PARTIES

Zhuhai Megain

Zhuhai Megain is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of our Company. It is principally engaged in the research, design, development and sales of compatible cartridge chips and other chips.

ICBC Bank

To the best knowledge of the Directors, ICBC Bank is a commercial bank principally engaged in the provision of banking services, and its largest single shareholder is Central Huijin Investment Ltd. ICBC Bank's H shares and offshore preference shares are listed on the Stock Exchange (Stock code for H shares: 1398 and stock code for USD preference shares: 4620); its A shares and domestic preference shares are listed on the Shanghai Stock Exchange (Stock code for A shares: 601398 and stock codes for domestic preference shares: 360011, 360036).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, based on the publicly available information to the Company, ICBC Bank and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Subscriptions were made by the Group for treasury management purpose in order to increase the return of internal financial resources after taking into account, among others, the low level of risks of the Subscriptions involved, the expected return on investment and the cash balances of the Group at the material time. The Company considered that the Subscriptions fit the needs of the Group as they are principal-guaranteed products with expected income which offer a better potential return to the Group when compared to the deposit interest rates generally offered by commercial banks in the PRC.

In view of the above, the Directors consider that the terms of the agreements of the Subscriptions are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the ICBC I Subscription and the ICBC II Subscription were subscribed with the same bank and are of similar nature and were conducted within 12 months, they would be aggregated as if there were one transaction for the purpose of calculating the highest applicable percentage ratio pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio, on a standalone or an aggregate basis, in respect of the Subscriptions exceeds 5% but is less than 25%, the Subscriptions constitute a discloseable transaction of the Company for the purpose of the Listing Rules and are subject to the notification and announcement requirements but are exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

REMEDIAL ACTIONS

The Company misunderstood that the Subscriptions were of a similar nature of fixed bank deposits particularly due to the guaranteed full repayment of the principal on maturity of the wealth management products. Due to the aforesaid, the Company did not make timely disclosure on the Subscriptions in accordance with Chapter 14 of the Listing Rules in a timely manner. The following remedial actions have been taken by the Group to prevent similar incidents in the future:

1. in preparation for its annual report for the year ended 31 December 2023, the Group conducted a comprehensive review of its subscription of wealth management products and publish this announcement to inform the Shareholders the Subscriptions;
2. the management of the Company has reminded responsible staff of the necessity to analyse any subscription of wealth management products prior to their subscription from a Listing Rules perspective to avoid delay of disclosure of the same in the future;
3. the Company shall strengthen the coordination and reporting arrangements for notifiable transactions between different departments of the Group in respect of the requirements under the Listing Rules and emphasise the importance of compliance with the Listing Rules, especially in relation to the subscription of wealth management products; and
4. the Company shall work closely with its internal legal advisers and, as and when appropriate, consult other professional advisers (including external legal advisers) before entering into any potential notifiable transaction. If necessary, the Company shall also consult the Stock Exchange on the proper treatment of any proposed transaction.

DEFINITIONS

In in announcement, the following expressions have the meanings as set out below unless the context requires otherwise:

“Board”	the board of directors of the Company
“Company”	MEGAIN Holding (Cayman) Co., Ltd. (美佳音控股有限公司*), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ICBC Bank”	Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), a licensed bank incorporated under the laws of the PRC. Its H shares and offshore preference shares are listed on the Stock Exchange (Stock code for H shares: 1398 and stock code for USD preference shares: 4620); and its A shares and domestic preference shares are listed on the Shanghai Stock Exchange (Stock code for A shares: 601398 and stock codes for domestic preference shares: 360011, 360036)
“ICBC I Subscription”	the subscription of the wealth management product with ICBC Bank in the amount of RMB20,000,000
“ICBC II Subscription”	the subscription of the wealth management product with ICBC Bank in the amount of RMB30,000,000
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of the PRC, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan region
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	The shareholders of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	collectively, the ICBC I Subscription and the ICBC II Subscription
“USD”	United States dollars, the lawful currency of the United States of America
“Zhuhai Megain”	Zhuhai Megain Technology Co., Ltd.* (珠海美佳音科技有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 27 March 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*