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MEIGU Technology Holding Group Limited

美固科技控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

| | | |
|---------------------------------|----------|---|
| Number of Placing Shares | : | 100,000,000 Shares |
| Placing Price | : | HK\$0.35 per Placing Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% |
| Nominal value | : | HK\$0.01 per Share |
| Stock code | : | 8349 |

Sole Sponsor, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager



KGI Capital Asia Limited

SUMMARY

- The Placing Price has been determined at HK\$0.35 per Placing Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).
- Based on the Placing Price of HK\$0.35 per Placing Share, the amount of net proceeds from the Placing to be received by the Company (after deducting underwriting commissions and estimated total placing expenses paid or payable by the Company) is estimated to be approximately HK\$16.5 million. The Company intends to apply such net proceeds from the Placing in accordance with the purposes set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.
- The initial 100,000,000 Placing Shares offered under the Placing were moderately over-subscribed.
- A total of 118 placees have been allotted one board lot of Placing Shares, representing approximately 90.8% of the 130 placees under the Placing, approximately 1.18% of the total number of Placing Shares, and approximately 0.30% of the enlarged issue share capital of the Company immediately after completion of the Placing.
- The Offer Size Adjustment Option was not exercised by the Sole Global Coordinator (for itself and on behalf of the Underwriters), and the Offer Size Adjustment Option has lapsed and cannot be exercised at any future dates.
- The Directors confirm that, to the best of their knowledge, information and belief and having made reasonable enquiries, all placees under the Placing are independent of and not connected with the Company and any of the Directors, chief executives, Controlling Shareholders, substantial shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries or their respective close associates (as defined under the GEM Listing Rules) and are not any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing, and none of the Shares subscribed by the placees has been financed directly or indirectly by any of the Directors, chief executives, Controlling Shareholders, substantial shareholders or significant shareholders of the Company or any of its subsidiaries or their respective close associates, and none of the placees is accustomed to taking instructions from any of the Directors, chief executives, Controlling Shareholders, substantial shareholders or significant shareholders of the Company or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of Shares registered in his/her/its name or otherwise held by him/her/it. No placee will, individually, be placed with more than 10% of the enlarged issued share capital of the Company immediately after completion of the Share Offer. The Directors also confirm that there will not be any new substantial shareholders of the Company immediately after completion of the Share Offer.

- Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of at least 25.0% of its total issued share capital at the time when the Shares commence dealings on GEM and at all times thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, not more than 50.0% of the Shares in public hands at the time of the Listing can be beneficially owned by the three largest public Shareholders. The Directors confirm that, immediately after completion of the Capitalisation Issue and the Placing, the public float of the Company will be at least 25.0% of the enlarged issued share capital of the Company, and not more than 50.0% of the Shares in public hands at the time of the Listing will be owned by the three largest public Shareholders.
- Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Friday, 13 January 2017. The Shares will be traded in board lots of 10,000 Shares each. The stock code of the Shares is 8349.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING PRICE AND USE OF PROCEEDS

Pursuant to the Price Determination Agreement entered into between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on Friday, 6 January 2017, the Placing Price has been determined at HK\$0.35 per Placing Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). The net proceeds of the Placing to be received by the Company after deducting underwriting fees and commissions and other related expenses in connection with the Placing are estimated to be approximately HK\$16.5 million. The Directors intend to apply the net proceeds from the Placing in accordance with the purposes set forth in the section headed “Future Plans and Use of Proceeds” in the Prospectus as follows:

- approximately HK\$7.9 million or approximately 47.7% of the net proceeds will be used for the enhancement of the existing production processes, and acquisition of new production equipment, in particular (i) the optimisation of the Company’s existing pultrusion process to improve the quality of pultrusion products and lower the cost of production; (ii) the acquisition of the hydraulic presses to produce a product to be sold with the Company’s FRP Subway Evacuation Platform products in order to diversify the Company’s product portfolio and capture potential customers in the railway construction industry; and (iii) the purchase of additional equipment to increase the efficiency of the moulding process of the Company’s FRP products;
- approximately HK\$6.6 million or approximately 40.0% of the net proceeds will be used for the further development of the Company’s products according to the expected growth trend as a result of the PRC’s macroeconomic policies in promoting “Belt and Road Initiatives”, in particular, (i) the development of the Company’s new FRP crossties products; (ii) the procurement of relevant resting equipment; and (iii) the purchase and production of production lines for the mass production of the Company’s new FRP crosstie products;

- approximately HK\$0.7 million or approximately 4.0% of the net proceeds will be used for the expansion of the Company's research and development capabilities, in particular, (i) the continuous enhancement of the Company's existing product features and improvement of product quality; (ii) the procurement of testing equipment and raw materials to develop and examine both the Company's new products and enhanced existing products; and (iii) the recruitment of additional qualified and experienced research and development staff; and
- approximately HK\$1.4 million or approximately 8.3% of the net proceeds will be used for working capital and other general corporate purposes.

LEVEL OF INDICATIONS OF INTERESTS UNDER THE PLACING

The initial 100,000,000 Placing Shares offered under the Placing were moderately over-subscribed. A total of 118 placees have been allotted one board lot of Placing Shares, representing approximately 90.8% of the 130 placees under the Placing, approximately 1.18% of the total number of Placing Shares, and approximately 0.30% of the enlarged issue share capital of the Company immediately after completion of the Placing.

The Offer Size Adjustment Option was not exercised by the Sole Global Coordinator (for itself and on behalf of the Underwriters), and the Offer Size Adjustment Option has lapsed and cannot be exercised at any future dates.

RESULTS OF ALLOCATION UNDER THE PLACING

Pursuant to the Placing, 100,000,000 Placing Shares have been conditionally allocated to a total of 130 selected professional, institutional and/or other investors. The distribution of the Placing Shares is set forth as below:

| | Aggregate number of Placing Shares allocated | Aggregate percentage of the total number of Placing Shares allocated (approximate) | Approximate percentage of shareholding to the enlarged issued share capital of the Company immediately after completion of the Placing (approximate) |
|----------------|---|---|---|
| Top placee | 19,380,000 | 19.38% | 4.85% |
| Top 5 placees | 70,840,000 | 70.84% | 17.71% |
| Top 10 placees | 97,460,000 | 97.46% | 24.37% |
| Top 25 placees | 98,950,000 | 98.95% | 24.74% |

| Number of Placing Shares allocated | Number of Placees |
|---|--------------------------|
| 10,000 to 100,000 | 118 |
| 100,001 to 1,000,000 | 3 |
| 1,000,001 to 10,000,000 | 3 |
| 10,000,001 and above | 6 |
| Total: | <u><u>130</u></u> |

The Directors confirm that, to the best of their knowledge, information and belief and having made reasonable enquiries, all placees under the Placing are independent of and not connected with the Company and any of the Directors, chief executives, Controlling Shareholders, substantial shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries or their respective close associates (as defined under the GEM Listing Rules) and are not any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing, and none of the Shares subscribed by the placees has been financed directly or indirectly by any of the Directors, chief executives, Controlling Shareholders, substantial shareholders or significant shareholders of the Company or any of its subsidiaries or their respective close associates, and none of the placees is accustomed to taking instructions from any of the Directors, chief executives, Controlling Shareholders, substantial shareholders or significant shareholders of the Company or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of Shares registered in his/her/its name or otherwise held by him/her/it. No placee will, individually, be placed with more than 10% of the enlarged issued share capital of the Company immediately after completion of the Share Offer. The Directors also confirm that there will not be any new substantial shareholders of the Company immediately after completion of the Share Offer.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of at least 25.0% of its total issued share capital at the time when the Shares commence dealings on GEM and at all times thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, not more than 50.0% of the Shares in public hands at the time of the Listing can be beneficially owned by the three largest public Shareholders. The Directors confirm that, immediately after completion of the Capitalisation Issue and the Placing, the public float of the Company will be at least 25.0% of the enlarged issued share capital of the Company, and not more than 50.0% of the Shares in public hands at the time of the Listing will be owned by the three largest public Shareholders. The three largest public Shareholders will own approximately 49.3% of the Shares in public hands at the time of Listing.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares in issue or to be issued as mentioned in the Prospectus on GEM and the compliance by the Company with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date (i.e. Friday, 13 January 2017), or on such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

No receipt will be issued for any application monies paid. The Company will not issue any temporary documents of title.

The share certificates issued for the Placing Shares to be distributed by CCASS will be deposited into CCASS on Thursday, 12 January 2017 for credit to the relevant CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts designated by the Sole Global Coordinator (for itself and on behalf of the Underwriters), the placees or their respective agents (as the case may be).

Prospective investors of the Placing Shares should note that the Sole Global Coordinator (for itself and on behalf of the Sole Sponsor and the Underwriters) shall have the right to terminate the Underwriting Agreement with immediate effect by giving notice in writing to the Company upon occurrence of any of the events set forth under the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in the Prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, which is expected to be Friday, 13 January 2017. In the event that the Underwriting Agreement is terminated, the Placing will lapse and an announcement will be published by the Company on the Stock Exchange's website at www.hkexnews.hk and the Company's website at nantongrate.com accordingly.

All share certificates for the Placing Shares will only become valid documents of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms at or before 8:00 a.m. (Hong Kong time) on the Listing Date, which is expected to be Friday, 13 January 2016.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Friday, 13 January 2017. If there is any change to the expected timetable, an announcement will be published immediately by the Company on the Stock Exchange's website at www.hkexnews.hk and the Company's website at nantongrate.com. Shares will be traded in board lots of 10,000 Shares each. The stock code of the Shares is 8349.

By order of the Board
MEIGU Technology Holding Group Limited
Cheng Dong
Chairman

Hong Kong, [12] January 2017

As at the date of this announcement, the executive Directors are Mr. Jiang Guitang, Mr. Cheng Dong and Ms. Shi Dongying and the independent non-executive Directors are Mr. Huang Xin, Mr. Tam Tak Kei Raymond and Mr. Ng Sai Leung.

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, (a) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (b) there are no other matters the omission of which would make any statement in this announcement misleading; and (c) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions which are fair and reasonable.

This announcement and a copy of the Prospectus will remain on the Stock Exchange's website at www.hkexnews.hk and, in the case of the announcement, on the "Latest Company Announcements" page for at least 7 days from the day of its posting. This announcement and a copy of the Prospectus are also published on the Company's website at nantongrate.com.