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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) POLL RESULTS OF THE EXTRAORDINARY GENERAL MEETING
HELD ON 30 APRIL 2021;
AND
(2) GRANT OF WHITEWASH WAIVER**

Reference is made to the circular (the “**Circular**”) and notice of extraordinary general meeting (the “**Notice of EGM**”) of MH Development Limited (the “**Company**”) both dated 29 March 2021. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular and the Notice of EGM.

RESULTS OF THE EGM

The Board is pleased to announce that at the extraordinary general meeting of the Company (the “**EGM**”) held on 30 April 2021, all the resolutions (the “**Resolution(s)**”) were duly passed by the Shareholders by way of poll.

As at the date of the EGM, the total number of issued shares in the Company (the “**Shares**”) was 1,077,128,000, being the total number of shares entitling the Shareholders to attend and vote on the Resolutions at the EGM. There was no Share entitling the holder to attend and abstain from voting in favour of the Resolutions at the EGM pursuant to Rule 13.40 of the Listing Rules. Pursuant to the Takeovers Code, the Subscriber, Mr. Shen Yang (an executive Director and the ultimate beneficial owner of the Subscriber) and parties acting in concert with any of them and any Shareholders who are interested in or are involved in the Subscription Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver and their respective associates shall abstain from voting on the

Resolutions approving the Subscription and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. As at the date of this announcement, none of the Subscriber or Mr. Shen Yang has any shareholding interests in the Company. No Shareholder was required under the Listing Rules to abstain from voting on the Resolutions at the EGM. No parties had indicated in the Circular of their intention to vote against or to abstain from voting on any of the Resolutions at the EGM.

Boardroom Share Registrars (HK) Limited, the Company's share registrar, was appointed as the scrutineer for the vote-taking at the EGM.

The poll results in respect of all the Resolutions at the EGM are as follows:

SPECIAL RESOLUTIONS		Number of votes (approximate %)	
		FOR	AGAINST
1.	<p>“THAT subject to the fulfilment of all the conditions set out in the section headed “Conditions of the Capital Reorganisation” (the “Conditions”) in the circular of the Company dated 29 March 2021 (the “Circular”), with effect immediately following the date on which the Conditions are fulfilled:</p> <p>(a) every 10 issued and unissued Existing Shares (as defined in the Circular) with par value of HK\$0.10 each be consolidated into 1 Consolidated Share (as defined in the Circular) with par value of HK\$1.00 each and fractional Consolidated Shares shall not be issued to the shareholders of the Company but all such fractional Consolidated Shares be aggregated and, if possible, sold for the benefit of the Company (the “Share Consolidation”);</p>	<p>335,934,027 (100.0000%)</p>	<p>0 (0.0000%)</p>

SPECIAL RESOLUTIONS		Number of votes (approximate %)	
		FOR	AGAINST
(b)	<p>(i) the par value of each issued Consolidated Share with par value of HK\$1.00 each be reduced to HK\$0.10 each by the cancellation of the paid-up capital of the Company to the extent of HK\$0.90 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.10 (the “Capital Reduction”); (ii) immediately following the Capital Reduction (as defined in the Circular), each authorised but unissued Consolidated Share with par value of HK\$1.00 each be sub-divided into 10 New Shares (as defined in the Circular) with par value of HK\$0.10 each (the “Share Subdivision”) so that immediately following the Share Subdivision, the authorised share capital of the Company shall become HK\$300,000,000 divided into 3,000,000,000 New Shares; and (iii) the credits arising in the books of the Company from the Capital Reduction of approximately HK\$96,941,520 be credited to the distributable reserve account of the Company which will be utilised by the Company in any manner as the Board may deem fit and permitted under all applicable laws and the memorandum and articles of association of the Company;</p> <p>(c) the New Shares shall rank pari passu in all respects with each other and have such rights and subject to such restrictions as set out in the memorandum of association and articles of association of the Company; and</p> <p>(d) any one Director be and is hereby authorised to, on behalf of the Company, do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with the implementation of and giving effect to the Share Consolidation, the Capital Reduction and the Share Subdivision”.</p>		

SPECIAL RESOLUTIONS		Number of votes (approximate %)	
		FOR	AGAINST
2.	<p>“THAT, subject to and conditional upon the passing of the resolutions set out as resolution No.3 below, the ruling letter of Whitewash Waiver (as defined in the Circular) granted by the Executive (as defined in the Circular) to the Subscriber (as defined in the Circular) be and is hereby approved and any one director of the Company be and is hereby authorised to do all such things and take all such action as he may consider to be necessary or desirable to implement any of the matters relating to or incidental to the Whitewash Waiver (as defined in the Circular).”</p>	334,839,007 (99.6740%)	1,095,020 (0.3260%)
ORDINARY RESOLUTION		Number of votes (approximate %)	
		FOR	AGAINST
3.	<p>“THAT</p> <p>(a) subject to and conditional upon the fulfilment of the conditions in the subscription agreement (the “Subscription Agreement”) dated 22 February 2021 entered into between the Company as issuer and Runjing Holdings Limited (the “Subscriber”) as subscriber in relation to the proposed subscription of 218,689,624 New Shares of HK\$0.10 each (each a “Subscription Share”, and collectively, the “Subscription Shares”) at the price of HK\$0.183 per Subscription Share (a copy of the Subscription Agreement is marked “B” and signed by the chairman of the EGM for identification purpose has been tabled at the meeting), the form and substance of the Subscription Agreement be and is hereby approved, ratified and confirmed and any one director of the Company (“Director”) be and is hereby authorised to approve any changes and amendments thereto as he/she may consider necessary, desirable or appropriate;</p>	335,071,007 (99.7431%)	863,020 (0.2569%)

ORDINARY RESOLUTION		Number of votes (approximate %)	
		FOR	AGAINST
	<p>(b) subject to the fulfillment of the conditions of the Subscription Agreement, any one Director be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in their opinion be desirable or necessary in connection with the Subscription Agreement to, including without limitation, allot and issue the Subscription Shares;</p> <p>(c) all other transactions contemplated under the Subscription Agreement be and are hereby approved and any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement, the allotment and issue of the Subscription Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such Director, in the interests of the Company and its shareholders as a whole;</p> <p>(d) subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Subscription Shares; (ii) the passing of the ordinary resolution no.3(a), (b) and (c) as set out above, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Subscription Shares pursuant to the Subscription Agreement be and is hereby confirmed and approved.”</p>		

Notes:

- (i) For the full text of the resolutions, please refer to the Notice of EGM.*
- (ii) The number of votes and approximate percentage of voting as stated above are based on the total number of issued Shares held by the Shareholders who attended and voted at the EGM in person, by authorised representative or by proxy.*

As not less than 75% of the votes were cast in favour of each of Resolutions no. 1 to 2, both of them were duly passed as special resolutions of the Company. As more than 50% of the votes were cast in favour of Resolution no. 3, it was duly passed as an ordinary resolution of the Company.

GRANT OF WHITEWASH WAIVER

The Executive has granted the Whitewash Waiver on 29 April 2021, subject to:

- (a) the Whitewash Waiver and the Subscription being separately approved by at least 75% and more than 50% respectively of the independent vote (as defined in Note 1 on dispensations from Rule 26 of the Takeovers Code) that are cast either in person or by proxy at a general meeting of the Company, to be taken on a poll; and
- (b) unless the Executive gives prior consent, no acquisition or disposal of voting rights being made by the Subscriber and its concert parties between the announcement of the Subscription and completion of the Subscription.

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.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming the Capital Reorganisation and the Subscription (as the case may be) take place, set out below is a table showing the shareholding structure of the Group (i) as at the date of this announcement; (ii) immediately upon completion of the Capital Reorganisation; and (iii) immediately upon completion of the Capital Reorganisation and the Subscription (assuming there will be no other change in the issued share capital of the Company, save for the Capital Reorganisation and the Subscription).

Shareholder	As at the date of this announcement		Immediately upon completion of the Capital Reorganisation		Immediately upon completion of the Capital Reorganisation and the Subscription	
	No. of shares	%	No. of shares	%	No. of shares	%
The Subscriber (<i>Note 1</i>)	—	—	—	—	218,689,624	67.0
China Base Group Limited ("China Base") (<i>Notes 2 & 4</i>)	281,210,150	26.1	28,121,015	26.1	28,121,015	8.6
Creative Elite Holdings Limited (<i>Notes 3 & 4</i>)	21,905,802	2.0	2,190,580	2.0	2,190,580	0.7
Other public Shareholders	<u>774,012,048</u>	<u>71.9</u>	<u>77,401,205</u>	<u>71.9</u>	<u>77,401,205</u>	<u>23.7</u>
Total	<u>1,077,128,000</u>	<u>100.0</u>	<u>107,712,800</u>	<u>100.0</u>	<u>326,402,424</u>	<u>100.0</u>

Notes:

1. The entire issued share capital of the Subscriber is legally owned by Mr. Shen Yang, an executive Director.
2. The entire issued share capital of China Base is, to the best knowledge and belief of the Directors, legally owned by Ms. Lo Ching (a former chairman of the Board and executive Director). As disclosed in the announcement of the Company dated 28 July 2020, pursuant to a facility agreement dated 9 August 2018 entered into between China Base (as borrower), Ms. Lo Ching (as guarantor), Founder Securities (Hong Kong) Capital Company Limited and Changjiang Finance (HK) Limited (as arrangers), Founder Securities (Hong Kong) Capital Company Limited (as facility agent) and Founder Securities (Hong Kong) Limited ("FSHK") (as security agent), an event of default occurred on 5 July 2019 which was triggered by the borrower and the guarantor. As a result, the facility agent sent a notice to the borrower and the guarantor on 9 July 2019, informing them the occurrence of an event of default. Accordingly, FSHK has been empowered to act for China Base pursuant to a Deed of Appointment of Proxy and Attorney which provides FSHK with authorisation to represent China Base and act in the name of China Base to exercise the rights to the shares in the Company held by China Base. As such, to the best knowledge and belief of the Directors, the Existing Shares held by China Base and the voting rights attached thereto were under the control of FSHK as at the date of this announcement.

3. The entire issued share capital of Creative Elite Holdings Limited is, to the best knowledge and belief of the Directors, legally owned by Ms. Lo Ching (a former chairman of the Board and executive Director).
4. China Base and Creative Elite Holdings Limited will be regarded as public Shareholders upon Completion of the Subscription.

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 potential investors of the Company should exercise caution when dealing in the Existing Shares, and if they are in any doubt about their positions, they should consult their professional adviser(s).

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

Hong Kong, 30 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.