

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in **Yunhong Guixin Group Holdings Limited**, you should at once hand this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

---

## **Yunhong Guixin Group Holdings Limited**

**運鴻硅鑫集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8349)**

### **MAJOR TRANSACTION DISPOSAL OF 100% EQUITY INTEREST IN A WHOLLY OWNED SUBSIDIARY**

---

A letter from the Board containing details of the Equity Transfer Agreement is set out on pages 3 to 9 of this circular.

A notice convening the extraordinary general meeting (“EGM”) of the Company to be held at Suite 3318, 33/F., Jardine House, 1 Connaught Place, Central, Hong Kong on Wednesday, 5 October 2022 at 2:30 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire.

This circular will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for 7 days from the date of its posting. This circular will also be posted on the Company’s website at [www.nantongrate.com](http://www.nantongrate.com).

15 September 2022

---

## CHARACTERISTICS OF GEM

---

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

---

## PRECAUTIONARY MEASURES FOR THE EGM

---

In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread (as per guidelines issued by the Hong Kong Government at <https://www.chp.gov.hk/en/features/102742.html>), the Company will implement necessary preventive measures at the EGM to protect attending Shareholders, proxy and other attendees from the risk of infection, including:

- (i) Compulsory body temperature checks for all attendees at the entrance of the EGM venue. Any person with a body temperature of 37.3 degrees Celsius or above will not be allowed to attend the EGM.
- (ii) Prohibition from attendance at the EGM if the attendee has a fever. Persons exhibiting flu-like symptoms may also be refused admittance to the venue of the EGM.
- (iii) All attendees will be required to wear surgical face masks before they are permitted to attend, and during their attendance of, the EGM.
- (iv) Appropriate proper distance between seats in line with the guidance from the Hong Kong Government will be maintained. Attendees are advised to maintain appropriate social distance with each other at all times when attending the EGM.
- (v) Any person who has travelled outside Hong Kong within 14 days immediately before the EGM (“**recent travel history**”), is subject to quarantine or self-quarantine in relation to COVID-19, or has close contact with any person under quarantine or with recent travel history shall not attend the EGM.
- (vi) No refreshments and gifts will be provided at the EGM.

To the extent permitted under the laws, regulations and GEM Listing Rules, the Company reserves the right to deny entry into the EGM venue or require any person, who does not comply with the precautionary measures, to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In light of the continuing risks posed by COVID-19, the Company strongly advises Shareholders to appoint the Chairman of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person.

The proxy form is attached to the circular of the EGM for Shareholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.nantongrate.com](http://www.nantongrate.com). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

---

## **PRECAUTIONARY MEASURES FOR THE EGM**

---

If Shareholders choosing not to attend the EGM in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to send their questions to the Company's principal place of business in Hong Kong no later than two days prior to the date of the EGM.

Shareholders are advised to read these precautionary measures carefully and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes to the arrangement of the EGM and precautionary measures and may issue further announcement on such measures as appropriate.

Health education materials and up-to-date development on COVID-19 can be found on the website of Centre for Health Protection ([www.chp.gov.hk](http://www.chp.gov.hk)) and the website of the Hong Kong Government on COVID-19 ([www.coronavirus.gov.hk](http://www.coronavirus.gov.hk)).

If Shareholders have any questions relating to the EGM, please contact the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

---

## CONTENTS

---

	<i>Page</i>
<b>Characteristics of GEM</b> .....	i
<b>Precautionary measures for the EGM</b> .....	ii
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	3
<b>Appendix I – Financial information of the Group</b> .....	I-1
<b>Appendix IIA – Valuation Report A</b> .....	IIA-1
<b>Appendix IIB – Valuation Report B</b> .....	IIB-1
<b>Appendix III – General Information</b> .....	III-1
<b>Notice of EGM</b> .....	EGM-1

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Announcement”	the announcement of the Company dated 19 July 2022 in relation to the Equity Transfer Agreement which constitutes a major transaction of the Company under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business and provide normal banking services
“Company”	Yunhong Guixin Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8349)
“Completion”	completion of the Disposal in accordance with the terms of the Equity Transfer Agreement
“Completion Date”	the date of completion of the transfer of the Sale Interests by the Vendor to Purchaser A and Purchaser B
“connected person(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Consideration A”	the consideration of the Sale Interest A being RMB27,900,000
“Consideration B”	the consideration of the Sale Interest B being RMB3,100,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interests by the Vendor to Purchaser A and Purchaser B
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 19 July 2022 between the Vendor and Purchaser A and Purchaser B in relation to the Disposal
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

---

## DEFINITIONS

---

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 September 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Long Stop Date”	31 December 2022
“Net Asset Value”	the net asset value is based on the audited financial statements of the Target Company as of 31 December 2021
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Purchaser A”	Chen Xiaosong* 陳曉松
“Purchaser B”	Lu Yaliang* 陸亞良
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest A”	90% equity interest in the Target Company owned by the Vendor
“Sale Interest B”	10% equity interest in the Target Company owned by the Vendor
“Sale Interests”	Sale Interest A and Sale Interest B
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Nantong Deerhui Precision Equipment Technology Co., Ltd.* 南通德而匯精密設備科技有限公司, a company incorporated in the PRC with limited liability which is wholly owned by the Vendor
“Vendor”	Nantong Meigu Composite Materials Company Limited, a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

\* For identification purpose only

---

## LETTER FROM THE BOARD

---

# Yunhong Guixin Group Holdings Limited

## 運鴻硅鑫集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8349)

*Executive Directors:*

Mr. Li Yubao (Chairman)

Ms. Zhang Yaping

Ms. Shi Dongying

*Registered office:*

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Independent non-executive Directors:*

Mr. Lee Man Tai

Mr. Ng Sai Leung

Mr. Tam Tak Kei Raymond

*Principal place of business*

*in Hong Kong:*

Room 1603, 16/F.,

China Building

29 Queen's Road Central

Hong Kong

15 September 2022

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTION DISPOSAL OF 100% EQUITY INTEREST IN A WHOLLY OWNED SUBSIDIARY

#### INTRODUCTION

Reference is made to the announcement of the Company dated 19 July 2022 in relation to the Equity Transfer Agreement entered into between the Vendor, Purchaser A and Purchaser B, pursuant to which the Vendor has conditionally agreed to sell, and Purchaser A and Purchaser B have conditionally agreed to respectively purchase, Sale Interest A, representing 90% of the equity interest in the Target Company and Sale Interest B, representing 10% of the equity interest in the Target Company, at the total consideration of RMB31,000,000 in accordance with the terms and conditions of the Equity Transfer Agreement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) financial information of the Group; and (iii) other information as required to be disclosed under the GEM Listing Rules.



---

## LETTER FROM THE BOARD

---

### EQUITY TRANSFER AGREEMENT

The major terms of the Equity Transfer Agreement are set out below:

Date: 19 July 2022 (after trading hours)

Parties: the Vendor, an indirect wholly-owned subsidiary of the Company; and Purchaser A and Purchaser B

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors after making reasonable enquiries, as at the date of this announcement, Purchaser A and Purchaser B are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

### Subject matter of the Equity Transfer Agreement

Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell and Purchaser A and Purchaser B have conditionally agreed to respectively purchase, Sale Interest A, representing 90% of the equity interest in the Target Company and Sale Interest B, representing 10% of the equity interest in the Target Company, free from all encumbrances and together with all rights attaching thereto as from the Completion Date, including but not limited to all dividends paid, declared or made the record date for the entitlement of which falls on or after the Completion Date.

### Consideration of the Sale Interests

Consideration A of the Sale Interest A is RMB27,900,000 and Consideration B of the Sale Interest B is RMB3,100,000. The considerations were determined on the basis of normal commercial terms after arm's length negotiations between the Vendor and Purchaser A and Purchaser B with reference to, among other things, the Net Asset Value, a valuation of 100% equity interest of the Target Company and the valuation on the factory premise, which is the major asset of the Target Company, undertaken by an independent valuer.

The Directors (including the independent non-executive Directors) consider that the considerations are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### Payment of consideration

Pursuant to the terms of the Equity Transfer Agreement, Purchaser A and Purchaser B are required to pay Consideration A and Consideration B respectively to the Vendor in the following manner:

- (1) Purchaser A shall pay RMB2,790,000 and Purchaser B shall pay RMB310,000 within three Business Days after the signing of the Equity Transfer Agreement;
- (2) Purchaser A shall pay RMB22,310,000 and Purchaser B shall pay RMB1,480,000 within three Business Days after the Shareholders approved the Disposal at the extraordinary general meeting of the Company; and

---

## LETTER FROM THE BOARD

---

- (3) the remaining balance of Consideration A and Consideration B shall be paid within three Business Days after the completion of the registration of the transfer of Sale Interest A and Sale Interest B to Purchaser A and Purchaser B respectively with the relevant administration for industry and commerce.

The Group received RMB2,190,000 and RMB600,000 from Purchaser A on 28 July 2022 and 2 August 2022 respectively. On the other hand, the Group received RMB310,000 from Purchaser B on 22 July 2022.

### **Conditions precedent**

Completion is conditional upon the satisfaction of the Vendor having obtained all consents and approvals (where applicable) from its board of director(s), the Shareholders, relevant government departments, authorities (including but not limited to the Stock Exchange) or any third party (if any) for the implementation of the Disposal contemplated under the Equity Transfer Agreement.

If the abovementioned conditions precedent has not been fulfilled on or before 31 December 2022, the Equity Transfer Agreement shall be terminated, and thereafter none of the parties to the Equity Transfer Agreement shall have any rights or obligations towards each other in connection with the Equity Transfer Agreement except for any antecedent breach.

If the Equity Transfer Agreement is terminated, the Vendor shall refund the amount of considerations paid by Purchaser A and Purchaser B respectively (without any interest) within five Business Days after the date of termination of the Equity Transfer Agreement.

The Company shall use its best endeavours to procure the conditions precedent above has been fulfilled before the Long Stop Date.

As at the Latest Practicable Date, the conditions precedent has not been fulfilled.

### **Completion**

Completion shall take place on the Completion Date.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and its financial results, assets and liabilities will no longer be consolidated into the financial statements of the Company.

### **INFORMATION ON THE PURCHASERS**

Both Purchaser A and Purchaser B are a PRC citizen and merchant.

Purchaser A and Purchaser B control a company which has been a tenant of the factory premise which is currently owned by the Target Company. The company is principally engaged in manufacturing power equipment spare parts, communication switching equipment, metal and plastic products, etc.

---

## LETTER FROM THE BOARD

---

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, both Purchaser A and Purchaser B are third parties independent of the Company and its connected persons. In the past twelve months, there has been no material loan arrangement between (a) Purchaser A; (b) Purchaser B; and (c) the Company, connected person at the Company's level and/or connected person at the subsidiary level (to the extent that such subsidiary is involved in the Disposal).

### INFORMATION ON THE COMPANY AND THE VENDOR

The principal activity of the Company is investment holding. The Group is principally engaged in research and development, production and sales of fiberglass reinforced plastic products in the PRC.

The Vendor is a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in research and development, production and sales of fiberglass reinforced plastic products in the PRC.

### INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability. The Target Company is principally engaged in property investment. As at the date of this circular, the Target Company is wholly owned by the Vendor.

### FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is a summary of the financial information of the Target Company from 20 July 2021 (date of incorporation) to 31 December 2021:

	<i>RMB'000</i> (Audited)
Revenue	80
Loss before taxation	308
Loss after taxation	231

The net asset value of the Target Company based on its unaudited management accounts as at 30 June 2022 was approximately RMB31,040,000.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have been constantly scrutinizing the businesses of the Group from time to time in order to increase the competitiveness of and strengthen the financial position of the Group. The major asset of the Target Company is the factory premise which is currently leased to a company controlled by Purchaser A and Purchaser B. The Directors consider that the Disposal provides an opportunity to the Group to realise its investment in the Target Company so as to enable the Group to strengthen its liquidity position and reallocate its resources for future development or any potential suitable investment opportunities that may arise in the future.

---

## LETTER FROM THE BOARD

---

The Directors (including all the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### FINANCIAL IMPLICATIONS AND USE OF PROCEEDS FROM THE DISPOSAL

Upon Completion, the Company expects to realise a net gain of approximately RMB633,000 on the Disposal, being the difference between (i) the proceeds of Disposal of approximately RMB31,000,000 and (ii) the Net Assets Value of approximately RMB30,367,000.

It is further estimated that upon Completion, the Group will record (i) an increase in total assets of approximately RMB633,000, being the difference between the proceeds of the Disposal of approximately RMB31,000,000 and the Net Assets Value of approximately RMB30,367,000; and (ii) no effect on its total liabilities.

The final disposal gain and the financial effects on the assets and liabilities of the Group at the Completion Date are subject to the net assets value of the Target Company at the Completion Date.

The Company intends to use the proceeds of the Disposal for the following purposes:

- (i) approximately RMB15,000,000 for enhancement and improvement of the existing production lines and of which approximately RMB3,500,000 will be used by December 2022, approximately RMB10,000,000 by June 2023, approximately RMB500,000 by December 2023 and approximately RMB1,000,000 by May 2024; and
- (ii) approximately RMB16,000,000 for provision of general working capital for the business operations of the Group and seeking potential investment opportunities which are compatible with the Group's existing business operations. As at the Latest Practicable Date, the Company has not identified any potential investment opportunities.

### GEM LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as calculated under Rule 19.07 of the GEM Listing Rules in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

### EGM

The EGM will be convened by the Company at Suite 3318, 33/F., Jardine House, 1 Connaught Place, Central, Hong Kong on Wednesday, 5 October 2022 at 2:30 p.m. at which resolutions will be proposed to consider and, if thought fit, approve the Equity Transfer Agreement together with the transactions contemplated thereunder. The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

---

## LETTER FROM THE BOARD

---

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Equity Transfer Agreement and thus none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Equity Transfer Agreement.

The proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so desire and in such event, the form of proxy shall be deemed to be revoked.

### **VOTING BY WAY OF POLL**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolutions set out in the notice of EGM will be voted on by way of poll. The results of the poll will be published on the websites of the Company and the Stock Exchange on the day of the EGM.

### **CLOSURE OF REGISTER OF MEMBERS**

To ascertain the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 29 September 2022 to Wednesday, 5 October 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 28 September 2022.

### **RECOMMENDATION**

The Directors, including the independent non-executive Directors, consider that the terms of the Equity Transfer Agreement are on normal commercial terms, and are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, including the independent non-executive Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Equity Transfer Agreement together with the transactions contemplated thereunder.

---

## LETTER FROM THE BOARD

---

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Yunhong Guixin Group Holdings Limited**  
**Li Yubao**  
*Chairman*

**I. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 are disclosed in the annual reports of the Company for the three years ended 31 December 2019, 2020 and 2021 respectively, and there was no qualified audit opinion expressed on the consolidated financial statements of the Group for the three years ended 31 December 2021.

The said annual reports of the Group are published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.nantongrate.com](http://www.nantongrate.com)).

The audited consolidated financial statements of the Group for the year ended 31 December 2019 have been set out on pages 63 to 143 of the 2019 annual report of the Company which was posted on 5 May 2020 on the Stock Exchange's website. Please also see below quick link to the 2019 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0505/2020050501554.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2020 have been set out on pages 60 to 133 of the 2020 annual report of the Company which was posted on 25 March 2021 on the Stock Exchange's website. Please also see below quick link to the 2020 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0325/2021032501500.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2021 have been set out on pages 61 to 140 of the 2021 annual report of the Company which was posted on 28 March 2022 on the Stock Exchange's website. Please also see below quick link to the 2021 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0328/2022032801420.pdf>

**II. INDEBTEDNESS STATEMENT**

As at the close of business on 31 July 2022, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness and contingent liabilities prior to the printing of this circular, the details of the Group's indebtedness are as follows:

**(i) Lease liabilities**

Outstanding unpaid contractual lease liabilities of approximately RMB222,000 in relation to the remaining lease term of the rented office premise were unsecured and unguaranteed.

**(ii) Amounts due to Directors**

Amounts of approximately RMB286,000 and approximately RMB3,129,000 were due to the Directors, Li Yubao and Zhang Yaping respectively. The amounts were unsecured, interest-free and had no fixed repayment term.

**(iii) Amount due to a shareholder**

An amount of approximately RMB1,015,000 was due to Yunhong Group Co., Limited, a shareholder of the Company. The amount was unsecured, interest-free and had no fixed repayment term.

**(iv) Amount due to a former shareholder**

An amount of approximately RMB6,012,000 was due to Singa Dragon International Ventures Limited, a former shareholder of the Company. The amount was unsecured, interest-free and had no fixed repayment term.

Save as aforesaid and apart from intra-group liabilities, normal trade and other payables, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorized or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 31 July 2022.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 July 2022.

**III. WORKING CAPITAL SUFFICIENCY**

The Directors are of the opinion that, after taking into account the effects of the Disposal, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group; and (ii) the Group's presently available banking and other facilities, the Group will have sufficient working capital for its present requirements and for at least the next twelve months from the date of this circular.



**IV. MATERIAL ADVERSE CHANGE**

Save for the followings, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

As disclosed in the interim results announcement of the Company for the six months ended 30 June 2022 which was published on 9 August 2022 (the “**2022 Interim Results Announcement**”), the Company recorded an unaudited net loss of approximately RMB163,000 for the six months ended 30 June 2022 as compared to the unaudited net profit of approximately RMB579,000 for the corresponding period in 2021. This was largely attributed to the substantial reduction in the revenue of the Group by approximately 33.0% resulting from the adverse impact of the COVID-19 pandemic which suppressed the demands for the Group’s products.

Further details are set out in the 2022 Interim Results Announcement.

**V. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

Sino-U.S. relations will face a bigger test in 2022. The U.S. will hold mid-term elections and China policy may become the target of fierce partisan politics as U.S. conservatives and progressives accuse each other of being soft on China. The U.S. government tightened export restrictions on Chinese high-tech enterprises and forbade U.S. investment in China’s so-called military-civilian fusion firms for safeguarding U.S. advantages in big data, artificial intelligence and quantum computing.

The Communist Party and the PRC government at all levels will be in the process of handing over power in 2022. The change of party leadership will come at first, followed by the 20th Party Congress when a new Politburo and the new top leaders will be elected. It is expected that President Xi Jinping will lead the country for a third five-year term to ensure that the policies of the last ten years will continue with stable and strong leadership, but yet the transition of power may take some time to work smoothly and therefore, this domestic power transition may result in shrinking space for compromise with the U.S.. Domestic political struggles could lead to a further deterioration of relations, derailing critically needed cooperation on climate change between the two countries.

Although the policy of “Living with the Virus” has been adopted by many countries, the resulting economic benefits are yet to be seen. The current new waves of Omicron variant affecting various countries may have again destabilized the world economy which is believed to be on the right track of recovery.

As the political and economic environment remain uncertain, the Group will need to take part more rigorously in tender bidding for all potential projects both in the PRC and the overseas markets. Moreover, the Group will continue to enhance product recognition by improving production technology so as to maintain effective cost control and strengthen the competitiveness. Further, the Group will recruit more experienced talents to fulfil the Group's mission in product research, development and market expansion.

Whilst the PRC government struggled to contain the COVID-19 pandemic, it is believed that the PRC is one of the few countries in the world to have experienced an economic growth with its gross domestic product increased by 8.1% in 2021. Given the resilience and potential of the PRC's economy in the long run, it is considered that stable growth would remain unchanged. Looking ahead, the Group remains prudent and optimistic about the prospects of its business in the long run. The Group will follow a cautious approach to ensure continuous, steady and effective business and operation development in 2022. While the Group is closely monitoring the latest development of the epidemic disease resulting from the spread of COVID-19 and its impact on the industry at large, it would adjust its strategies from time to time when required including exploring new revenue streams to lower the business risk.

*The following is the text of a property valuation report prepared for inclusion in this document, received from APAC Asset Valuation and Consulting Limited, an independent property valuer, in connection with their valuations as of 30 June 2022 of the Property held by the Company.*

**APAC Asset Valuation and Consulting Limited**

5/F., Blissful Building, 243 – 247 Des Voeux Road Central, Hong Kong

Tel: (852) 2357 0059

Fax: (852) 2951 0799

Yunhong Guixin Group Holdings Limited  
Room 1603, 16/F., China Building,  
29 Queen's Road Central,  
Hong Kong

15 September 2022

Dear Sirs,

**RE: VALUATION OF AN INDUSTRIAL COMPLEX LOCATED AT NO. 66 OUJIANG ROAD, HAIMEN ECONOMIC DEVELOPMENT ZONE, NANTONG, JIANGSU PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")**

In accordance with the instructions from Yunhong Guixin Group Holdings Limited (the "Company") for us to value the Property held by the Company and its subsidiaries (hereinafter together referred to as the "Group") situated in The People's Republic of China (the "PRC"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 30 June 2022 (the "valuation date") for the purpose of incorporation into the circular issued by the Company.

**BASIS OF VALUATION**

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

We are independent of the Company and our valuation is prepared in accordance with the "HKIS Valuation Standards 2020" published by the Hong Kong Institute of Surveyors and the requirements set out in Chapter 8 of the GEM Listing Rules issued by The Stock Exchange of Hong Kong Limited.

**VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owners sell the Property on the open markets without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Property.

No allowance has been made in our valuation report for any charge, mortgage or amount owing on the Property nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

**VALUATION METHODOLOGY**

In valuing the Property which is held by the Group for investment in the PRC, we have made reference to the comparable sales evidences as available on the relevant markets and, where appropriate, valued the Property on the basis of capitalization of the rental incomes as shown on the tenancy agreements handed to us by the Company.

**TITLE AND ASSUMPTIONS**

We have been provided with copies of extracts of title documents relating to the Property. However, we have not caused title searches to be made for the Property at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the Property in the PRC, we have relied on the legal opinion provided by the Company's PRC legal adviser, HUBEI S&H LAW FIRM (湖北山河律師事務所), regarding the title and other legal matters to the Property.

**SOURCES OF INFORMATION**

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, site and floor areas and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation report are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

**SITE INSPECTIONS**

Due to the pandemic conditions and the instructions from the Company, we have not carried out on-site inspection of the Property. However, we have inspected the Property by means of video conferencing in August 2022 by Mr. Pang Kin Fai. We have inspected the exterior and, where possible, the interior of the Property. We have not inspected those parts of the Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspections, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

**LIMITATION OF LIABILITIES**

This valuation report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the Property which may have an impact on our valuation report up to the valuation date. We have no responsibility to update this valuation report for events and circumstances occurring after the date of completion of our assessment but will be pleased to discuss further instructions as may be required.

**CURRENCY**

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi (RMB).

Our valuation report is attached.

Yours faithfully,  
For and on behalf of  
**APAC Asset Valuation and Consulting Limited**  
**Pang Kin Fai**  
*MHKIS, MRICS, RPS (GP)*  
*Director*

*Note:* Mr. Pang Kin Fai is a Registered Professional Surveyor in General Practice Division with over 25 years valuation experience on properties in Hong Kong and the PRC.

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2022										
An industrial complex located at No. 66 Oujiang Road, Haimen Economic Development Zone, Nantong, Jiangsu Province, The PRC	<p>The Property comprises a parcel of land with a site area of approximately 20,000.00 sq.m. with an industrial complex erected thereon. The industrial complex was completed in phases between 2008 and 2013.</p> <p>The Property is located at the east of Oujiang Road and the south of Anhai Road in Haimen Economic Development Zone. The immediate locality is an industrial area and predominated by industrial buildings of various ages and heights.</p> <p>The Property comprises seven single to 3-storey buildings with a total gross floor area of approximately 12,675.75 sq.m. Detail of the uses and approximate gross floor areas are as follow:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Industrial Buildings</td> <td style="text-align: right;">8,702.88</td> </tr> <tr> <td>Office and Dormitory</td> <td style="text-align: right;">3,937.81</td> </tr> <tr> <td>Ancillary Facilities</td> <td style="text-align: right;">35.06</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b>12,675.75</b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Industrial Buildings	8,702.88	Office and Dormitory	3,937.81	Ancillary Facilities	35.06	<b>Total:</b>	<b>12,675.75</b>	<p>According to the information provided by the Company, the Property was subject to a tenancy expiring on 14 December 2026.</p> <p>The monthly rents from the first to fifth year are RMB95,000, RMB127,000, RMB190,000, RMB209,000 and RMB230,000 respectively.</p>	RMB30,100,000
Use	Approximate Gross Floor Area (sq.m.)												
Industrial Buildings	8,702.88												
Office and Dormitory	3,937.81												
Ancillary Facilities	35.06												
<b>Total:</b>	<b>12,675.75</b>												
	<p>The land use rights of the Property have been granted for a term expiring on 31 August 2056 for industrial use.</p>												

*Notes:*

1. Pursuant to a Real Estate Title Certificate – Su (2021) Hai Men Qu Bu Dong Chan Quan Zheng No. 0019246, the land use rights of the Property with a site area of 20,000.00 sq.m. and the ownership of various buildings with a total gross floor area of 12,675.75 sq.m. were granted to Nantong Deerhui Precision Equipment Technology Company Limited (“Nantong Deerhui”), a company incorporated in the PRC with limited liability wholly owned by an indirect wholly-owned subsidiary of the Company, for a term expiring on 31 August 2056 for industrial use.
2. We have been provided with a legal opinion on the Property issued by the Company’s PRC legal adviser, which contains, inter alia, the followings:
  - i. Nantong Deerhui has legally obtained the land use rights of the property and is the legal owner of the property;
  - ii. Nantong Deerhui is entitled to occupy, use, earn from the property legally;
  - iii. the tenancy between Nantong Deerhui and the tenant is legal and effective; and
  - iv. the property is free from mortgage and other encumbrances.

*The following is the text of a valuation report prepared for inclusion in this document, received from APAC Asset Valuation and Consulting Limited, an independent valuer, in connection with the valuation in respect of 100% equity interest of Nantong Deerhui Precision Equipment Technology Co., Ltd.*

**APAC Asset Valuation and Consulting Limited**

5/F., Blissful Building, 243-247 Des Voeux Road, Central, Hong Kong

Tel: (852) 2357 0085

Fax: (852) 2951 0799

Yunhong Guixin Group Holdings Limited  
Room 1603, 16/F., China Building,  
29 Queen's Road Central,  
Hong Kong

15 September 2022

Dear Sirs,

**RE: VALUATION IN RESPECT OF 100% EQUITY INTEREST OF NANTONG DEERHUI  
PRECISION EQUIPMENT TECHNOLOGY CO., LTD.**

In accordance with your instructions, we have undertaken a valuation on behalf of Yunhong Guixin Group Holdings Limited (“Yunhong”) to determine the Fair Value (as defined below) of 100% equity interest of Nantong Deerhui Precision Equipment Technology Co., Ltd. (the “Target Company” as at 30 June 2022 (the “Valuation Date”).

**BRIEF DESCRIPTION OF THE TARGET COMPANY**

The Target Company is incorporated in the People’s Republic of China with limited liability and principally engaged in the business of property investment. The Target Company holds an industrial complex located at No. 66 Oujiang Road, Haimen Economic Development Zone, Nantong, Jiangsu Province, the People’s Republic of China (PRC) (the “Property”).

All the assets and liabilities held by the Target Company as at the Valuation Date includes (1) investment property, (2) cash and bank balances, (3) other receivables, (4) other payables, (5) profit tax provision and (6) deferred tax liabilities.



**PURPOSE OF VALUATION**

The purpose of this valuation is to express an independent opinion of the Fair Value of the Equities as at the Valuation Date based on the financial information, underlying assumptions and information provided by management of the Target Company and Yunhong (“Management”) for circular reference and compliance purpose. The valuation result should not be construed to be a fairness opinion, solvency opinion or an investment recommendation. No third party shall have the right of reliance on this report and neither receipt nor possession of this report by any third party shall create any express or implied third- party beneficiary rights.

We relied upon completeness, accuracy and fair representation of operational, financial information and business plans in relation to the business provided by Management. The Fair Values of the Equities of the Target Companies are subject to a number of assumptions concerning historical financial information and its current financial position. To the extent that any of these assumptions or facts changed, the result of the Fair Value conclusion would be changed accordingly.

**STANDARD, PREMISE AND BASIS OF VALUATION**

According to International Valuation Standards, our opinion of the Fair Value is defined as “*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*”.

The intended use of the Valuation is to serve as basis for the circular reference and compliance purpose of the Company. The ultimate transaction, if happens, and the corresponding acquisition prices would be the results of negotiations between the transacting parties. The responsibility for determining the agreed acquisition price of the Target Companies rests solely with the Company. The results of our analysis should not be construed to be a fairness opinion, solvency opinion or an investment recommendation. It is inappropriate to use our valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the financial projections and underlying assumptions.

**ECONOMIC OVERVIEW**

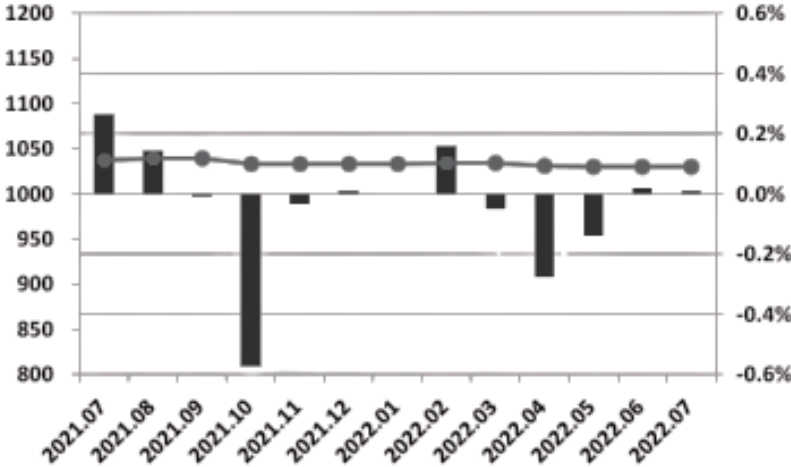
As the Target Company is operating within the economy of China, its business is affected by economic conditions and market fluctuations in China. We have reviewed the economic condition of China where the Target Companies will derive its future income from.

China’s real GDP grew 4.8% year-over-year in Q1, up from 4.0% in Q4 and higher than market expectations. The highly transmissible Omicron variant of COVID-19 has affected many regions in China, with the combined number of daily confirmed and asymptomatic cases exceeding previous highs in early 2020. The new wave has led to tightened quarantine measures and a few cities have escalated to full lockdowns since mid-March 2022. There were 41 cities containing risk area(s) in April over 10 days, representing about 21.5% of China’s population or 25.7% of GDP. Domestic consumption remained weak and retail sales declined by 3.5% in March, the first contraction since August 2020. The unemployment rate edged up from 5.5% in February to 5.8% in March.

PROPERTY INVESTMENT INDUSTRY OVERVIEW

According to a report by China Real Estate Association, China’s urban rental price index was 1030.4 points in July 2022. It is up 0.1 points from June, up 0.01% YoY and down 0.71% YoY. A total of 23 cities out of 35 cities saw their indexes fall YoY. In addition, nine cities saw a rise in the index from a year earlier. Among the four first-tier cities, Beijing, Shanghai, Guangzhou and Shenzhen rental price indices all increased, with year-over-year increases of 0.05%, 0.70%, 0.15% and 0.29%.

Chart –National Real estate rent and leasing price index table



Source: Oriental Real Estate Research Institute of East China Normal University

The estate rent and leasing price index is a relative number reflecting the trend and degree of change in the overall level of housing rental prices in a certain period of time. Data shows that housing rental prices in China are generally on a downward trend.

VALUATION METHODOLOGY

We have conducted the Valuation in accordance with the International Valuation Standard. The valuation procedures employed include an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the Target Company. All the matters we consider essential to the proper understanding of the Valuation are disclosed in our valuation report. In arriving at our assessed value, we have considered three accepted approaches, namely, income approach, market approach and Asset- based approach.

Income approach: provides an indication of value by converting future cash flows to a single current asset value, and is commonly applied to an aggregation of assets consisting of all assets of a business enterprise, including working capital and tangible and intangible assets. Value is derived based upon the present worth of economic benefits of ownership of asset.

Market approach: provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available, and incorporating adjustments to be made for any difference between the properties of the comparable assets and the subject asset being appraised.

Asset-based approach: in which the value of the valuation target is determined by reasonable appraisal of the value of all on-and-off balance sheet assets and liabilities on the basis of the balance sheet.

The income approach is not adopted as the cash flow projections prepared by Management for the Target Company would require numerous assumptions on projected growth/changes in different streams revenue, cost of revenue, operating expenses, administrative expenses, projected movements in working capital balances, and expected capital expenditure. Such assumptions and estimated are therefore not easily verifiable, supportable or reliably measured.

The market approach is not adopted as the key asset of the Target Company is the Property, which is an investment with unique characteristics specific to the nature and location of the Property, and there is no direct comparable companies with similar investment portfolio as the Target Company. The asset-based approach is adopted as tangible assets of these companies are the best indicator of value for property investment holding companies. This is the most common valuation method for this type of cases.

The fair value of the equity of the Target Company is derived as the sum of fair values of individual business assets less the sum of fair values of the liabilities. It is assumed that no material recording errors were noted in the provided financial information and documents. The calculation of assessing the equity of the Target Company is detailed in the following sections.

## VALUATION OF THE EQUITY OF THE TARGET COMPANY

Based on the financial statements provided by Management, the net assets value of the Target Company is RMB31,040,324. The provisional financial positions of the Target Company are summarized in the below table:

## Provisional Statement of the Target Company's Financial Position at 30 June 2022

	<b>Book Value</b> <b>RMB'000</b> <b>30 June 2022</b>
<b>Assets</b>	
Investment property	29,000,000
Cash and bank balances	71,166
Other receivables	3,316,474
	<hr/>
<b>Total assets</b>	<b>32,387,640</b>
	<hr/> <hr/>
<b>Liabilities</b>	
Other payables	1,347,316
Profit tax provision	-
Deferred tax liabilities	-
	<hr/>
<b>Total liabilities</b>	<b>1,347,316</b>
	<hr/> <hr/>
<b>Net Asset Value</b>	<b>31,040,324</b>
	<hr/> <hr/>

**Asset-Based Approach**

As part of our analysis, we have conducted a high-level review of the breakdown and nature of the assets and liabilities held by the Target Company. We have also relied to a considerable extent on information provided by Management in arriving at our appraisal of these assets and liabilities. Details of adjustments (if any) to the assets and liabilities to reflect fair value basis is outlined as follows.

**1. Investment property**

This represents the investment holding in the Property, which is classified by the Company as investment property in the PRC. We have made reference to the comparable sales evidences as available on the relevant markets and, where appropriate, valued the properties on the basis of capitalization of the rental incomes as shown on the tenancy agreements handed to us by the Company. For details of the valuation of the Property, please refer to our separate valuation report titled “Valuation of an Industrial Complex Located at No. 66 Oujiang Road, Haimen Economic Development Zone, Nantong, Jiangsu Province, The People’s Republic of China”.

**2. Cash and bank balances**

This represents cash in banks and time deposits and is the most liquid asset available for use of the firm. The Fair Value of cash and cash equivalents is equal to its carrying amount.

**3. Other receivables**

According to Management, this other receivables should be settled either on demand or in short period of time and necessary impairment provision was made, and the carrying amounts of the receivables shall reflect their Fair Values as at the Valuation Date.

**4. Other payables**

According to Management, the other payables should be settled at the demand of the creditors, and full repayment of the carrying amount would be required at any time. The full carrying amount of the payables should be adopted to reflect the Fair Value of this liability as at the Valuation Date.

**5. Profit tax provision**

For the profit tax provision, we multiplied the difference between the book value and fair value of investment property by the applicable profit tax rate of 25% based on the Company’s advice of relevant tax policies that would be applied to the subject properties after the development projects would be completed.

6. *Deferred tax liabilities*

The deferred tax liabilities arises when the capital gain on the investment property is subject to taxation. According to Management, as the difference between the book value and fair value of the investment property is not substantial, the investment property would not be subject to any taxation on the capital gain.

**Adjusted Net Asset Value Analysis of the Target Company at 30 June 2022**

	<b>Book Value</b>	<b>Fair Value</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>30 June 2022</b>	<b>30 June 2022</b>
<b>Assets</b>		
Investment property	29,000,000	30,100,000
Cash and bank balances	71,166	71,166
Other receivables	3,316,474	3,316,474
	<u>32,387,640</u>	<u>33,487,640</u>
<b>Total assets</b>	<b><u>32,387,640</u></b>	<b><u>33,487,640</u></b>
<b>Liabilities</b>		
Other payables	1,347,316	1,347,316
Profit tax provision	–	275,000
Deferred tax liabilities	–	–
	<u>1,347,316</u>	<u>1,622,316</u>
<b>Total liabilities</b>	<b><u>1,347,316</u></b>	<b><u>1,622,316</u></b>
<b>Net Asset Value (before marketability and control adjustments)</b>	<b><u>31,040,324</u></b>	<b><u>31,865,324</u></b>

**Discount for Lack of Marketability (“DLOM”) and Adjustment for Control**

A DLOM of 20.6% is estimated with reference to the 2021 Stout Restricted Stocks Studies on Determining Discount for Lack of Marketability included an examination of 763 private placement transactions of unregistered common stock, with and without registration rights, issued by publicly traded companies from July 1980 through December 2020. The adopted DLOM is the average discount implied by these 763 private placement transactions in comparison with the corresponding publicly traded common stocks, and is considered fair and reasonable for the valuation of the equities of the Target Company.

As the adjusted net assets represents the value basis of a majority shareholder, and the subject equity being valued is the 100% interest in the Target Company, no adjustment for control is necessary.

Net Asset Value (before marketability and control adjustments)	(A)	RMB31,865,324
Discount of Lack of Marketability	(B)	20.6%
100% equity interest of the Target Company	(A)*[1-(B)] = (C)	RMB25,301,067
Rounding to Millions		RMB25,000,000

As part of our analysis, we are furnished with information prepared by the Target Company and Yunhong that include the audited and unaudited financial statements and related operational information regarding the subject Assets/Liabilities and the Target Company. We have also conducted personal interviews with senior staff of the Target Company and Yunhong and have relied to a considerable extent on such information in arriving at our value.

**OTHER FACTORS CONSIDERED IN OUR VALUATION**

In the course of our valuation, we have taken into consideration of all pertinent factors affecting the business operations of the Target Company. The factors basically include:

- the market and the business risks of the Target Company;
- the general economic outlook as well as specific investment environment for the Target Company;
- the nature and current status of the Target Company;
- the historical performance of the Target Company; and
- the assumptions as stated under the section of Assumptions in this report.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the various industries, it should be noted that the valuation results derived from the prospective financial projections could be materially different from the actual results.

It is reasonable to consider that the effects of COVID-19 would be reflected in market prices and transactions under the market approach. Therefore, it is reasonable to consider that the valuation result has appropriately taken into account management's assumption concerning the effects of COVID-19 on the business.

We have been provided with extracts of copies of relevant documents, audited and unaudited financial information relating to the Target Company. We have relied upon the aforesaid information in forming our opinion of the value of the Target Company. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the said information which is material to the valuation. We have also been advised by the Target Company that no material fact has been omitted from the information provided. We have also made relevant inquiries and obtained further information as considered necessary for the purpose of this valuation.

While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors.

## **ASSUMPTIONS**

In the course of this valuation exercise, a number of assumptions and caveats have been made. We have based on the following to arrive at our valuation conclusion.

- According to Management, the assets of the Target Company is not and would not be pledged to on- and-off balance sheet liabilities. It is assumed that all the assets and liabilities of the Target Company were correctly recorded.
- We have assumed that the accuracy of financial and operational information provided to us by the Target Company and relied to a considerable extent on such information in arriving at our opinion of value.
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.
- There will be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the business is in operation.
- There will be no major changes in the current taxation law in the areas in which the Target Company carries on its business, that the rate of tax payable remains unchanged and that all applicable laws and regulations will be complied with.



- The inflation, interest rates and currency exchange rate will not differ materially from those presently prevailing.
- The Target Company will retain their management and technical personnel to maintain their ongoing operations.
- There will be no major business disruptions through international crisis, industrial disputes, industrial accidents or severe weather conditions that will affect the existing business.
- The Target Company will remain free from claims and litigation against the business or its customers that will have a material impact on value.
- The Target Company is unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements;
- The business is not subject to any unusual or onerous restrictions or encumbrances; and
- The potential bad debt of the Target Company will not materially affect its business operations.

### **LIMITING CONDITIONS**

We have relied to a considerable extent on the unaudited financial data and other related information provided by the Target Company and Yunhong. We are not in a position to, nor have been instructed to, comment on the lawfulness of the business.

Based on the specific instruction from Management, no site visit was performed and our valuation was performed on desktop basis only.

It should be noted that our valuation result is subject to the accuracy and fairness of the Fair Value of all the assets and liabilities specified and held by the Target Company. To the extent that any of the adopted assumptions or facts provided to us are changed, the result of the Valuation would be different. It should be noted that the financial information regarding the Target Companies provided to us has been represented by management and was assumed for the purposes of this opinion that such information was reasonably prepared with diligence and based on best efforts of management as to the current results of the operations and financial conditions of the Target Companies to which information relate.

In accordance with our standard practice, we must state that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Neither the whole, nor any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

**MANAGEMENT CONFIRMATION OF FACTS**

A draft of this Report and our calculations have been sent to Management of the Company. They have reviewed and orally confirmed to us that facts, as stated in this report and calculations, are accurate in all material respects. Management confirms that they have performed the necessary due-diligence on the information provided, and understands that any material changes or errors in such information could lead to a substantial change in our valuation result. As of the date of this Report, they are not aware of any material matters relevant to our engagement that were excluded.

Management should also acknowledge that the Valuation was carried out using theoretical valuation approaches, and thus could be different from any potential transaction prices. The valuation result should therefore be used for the financial reporting reference only. It is noted that Management has reviewed all valuation results and agreed with all relevant valuation inputs and calculations.

**REMARKS**

Unless otherwise stated, all money amounts in this report are stated in Renminbi (“RMB”)

We hereby confirm that we have neither present nor prospective interests in the Target Company, Yunhong and its respective holding company, subsidiaries and associated companies, or the value reported herein.

The conclusion of value is based on generally accepted valuation procedures and practices that rely on substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Company, Yunhong and us.

This report is issued subject to our Assumptions and Limiting Conditions stated above.

**OPINION OF THE VALUE**

Based on the investigation and analysis stated above and the valuation method employed, we are of the opinion that the Fair Value of 100% equity interest in the Target Company as at Valuation Date was reasonably stated as RMB25,000,000.

Yours faithfully,  
For and on behalf of  
**APAC Asset Valuation and Consulting Limited**  
**Jasper Chan**  
*CFA, FRM*  
*Director*

*Notes:**Jasper Chan, CFA, FRM*

*Mr. Jasper Chan is a CFA® charterholder and a certified FRM® with 9 years of experience in handling valuations and financial modelling for financial reporting, merger and acquisition, financial derivatives, intangible assets, biological assets, mine valuations, etc. He also has extensive experience in providing valuation advisory services to private equity funds, and providing litigation support in relation to commercial and matrimonial disputes. His work has covered a range of different industries including manufacturing, financial services, mineral resources, forestry, IT, pharmaceutical, casinos & gaming, etc.*

## I. RESPONSIBILITY STATEMENT

This circular, 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## II. DISCLOSURE OF INTERESTS

### (i) Interests of Directors and chief executives

As at the Latest Practicable Date, the following Directors and chief executives of the Company had or were deemed to have interest or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (“SFO”) (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules related to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

#### (i) Long position in the Shares

Name of Director	Capacity/nature of interest	Number of Shares held/ interested in	Percentage of interest in the Company
Mr. Li Yubao (“Mr. Li”)	Interest in controlled corporations	163,600,000	40.9%

*Note:* Mr. Li is the ultimate controlling shareholder of LF International Pte. Ltd. (“LFB”) and Yunhong Group Co., Limited (“Yunhong”), both of which in turn hold a total of 163,600,000 Shares. Therefore, Mr. Li is deemed, or taken to be, interested in all the Shares held by LFB and Yunhong for the purposes of the SFO.

*(ii) Long position in the ordinary shares of associated corporations*

Name	Name of associated corporation	Capacity/Nature of interest	Number of shares held	Approximate percentage of interests
Mr. Li	LF INTERNATIONAL PTE. LTD. (“LFS”) <i>(Note 1)</i>	Beneficial Owner	100	100%
	LFB <i>(Note 2)</i>	Interest in controlled corporation	1	100%

*Notes:*

1. LFS is a limited liability company incorporated in Singapore.
2. LFB is wholly owned by LFS, which is in turn wholly owned by Mr. Li.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

**(ii) Interests of substantial Shareholders and other persons**

So far as known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares, underlying Shares or debentures of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

<b>Name</b>	<b>Capacity/Nature of interest</b>	<b>Number of ordinary shares held/interested in</b>	<b>Percentage of interest in the Company</b>
LFS ( <i>Note 1</i> )	Interest in a controlled corporation	123,600,000	30.9%
LFB ( <i>Note 1</i> )	Beneficial owner	123,600,000	30.9%
Yunhong ( <i>Note 2</i> )	Beneficial owner	40,000,000	10.0%
Mr. Wu Dong (“ <b>Mr. Wu</b> ”) ( <i>Note 2</i> )	Interest in controlled corporation	40,000,000	10.0%
Mr. Huang Xuechao	Beneficial owner	58,880,000	14.7%
Mr. Yan Qixu	Beneficial owner	27,920,000	7.0%

*Notes:*

1. LFB is wholly owned by LFS, which is in turn wholly owned by Mr. Li. Therefore, each of LFS and Mr. Li is deemed or taken to be interested in the Shares held by LFB for the purposes of the SFO.
2. Mr. Wu holds approximately 93.67% equity interest in Yunhong, which in turn beneficially owns 40,000,000 Shares (representing 10% of the total number of issued Shares). Therefore, Mr. Wu is deemed or taken to be interested in the Shares held by Yunhong for the purposes of the SFO. Among this 93.67% equity interest in Yunhong, 92% is held by Mr. Wu on behalf of Mr. Li pursuant to the nominee shareholding arrangements between Mr. Wu and Mr. Li. Hence, Mr. Li is regarded as the ultimate controlling shareholder of Yunhong and therefore Mr. Li is deemed or taken to be interested in the Shares held by Yunhong for the purpose of the SFO.

**III. MATERIAL CONTRACTS**

Within two years immediately preceding the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group which are or may be material:

- (i) the Equity Transfer Agreement.

**IV. DIRECTORS’ SERVICE CONTRACT**

As at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or terminable by the employer within one year, without payment of compensation (other than statutory compensation) made between any of the Directors and any member of the Group.

**V. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**VI. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors or any of their respective close associates has any interest in any business that competes or may compete, either directly or indirectly, with the business of the Group.

**VII. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS**

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**VIII. EXPERT AND CONSENT**

The following is the qualification of the expert who has given its opinions or advice for inclusion in this circular:

<b>Name</b>	<b>Qualification</b>
APAC Asset Valuation and Consulting Limited	Registered Professional Surveyor

The above expert has given and had not withdrawn its written consent to the issuer of this circular with the inclusion of its letters, reports and/or opinion, as the case may be, and references to its name in the form and context in which they respectively appear.

As the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As the Latest Practicable Date, the above expert did not have, directly or indirectly, any interest in any assets which had since 31 December 2021 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group.

**IX. AUDIT COMMITTEE**

As at the Latest Practicable Date, the audit committee comprises of three members, namely Mr. Ng Sai Leung, Mr. Tam Tak Kei Raymond, and Mr. Lee Man Tai, all being independent non-executive Directors. Mr. Ng Sai Leung currently serves as the chairman of the audit committee.

The audit committee is principally responsible for the monitoring of the integrity of periodical financial statements of the Company, the review of significant financial reporting judgements contained in them before submission to the Board for approval, the review of the Company's financial controls, risk management and internal control systems, and the review and monitoring of the auditors' independence and objectivity as well as the effectiveness of the audit process.

Biographical information of each member of the audit committee of the Board are set out below:

**Mr. Ng Sai Leung (“Mr. Ng”)**

Mr. Ng, aged 49, was appointed as an independent non-executive Director on 16 December 2016. He is responsible for supervising and providing independent advice on the operation and management of the Group. He is also the chairman of the Audit Committee and a member of the Nomination Committee. Mr. Ng obtained a bachelor degree in business administration from The University of Hong Kong in November 1995 and a master degree in business administration from The Chinese University of Hong Kong in December 2002. Mr. Ng is a fellow of American Institute of Certified Public Accountant and a Chartered Financial Analyst. Mr. Ng has over 20 years of experience in corporate finance and accounting, including managing various initial public offerings, advising listed companies on mergers and acquisitions, reverse takeovers, privatisations, fund raising exercises and other corporate advisory transactions. Mr. Ng previously worked as an auditor in Ernst & Young Global Limited from August 1995 to March 1997, a junior internal officer in the private banking division of UBS Securities Asia Limited (previously known as Swiss Bank Corporation Hong Kong Branch) from March 1997 to February 1998, and an officer in the Compliance Department in Hong Kong Futures Exchange Limited from March 1998 to September 1999. He worked in the corporate finance department of Tai Fook Capital Limited, now known as Haitong International Capital Limited, as an assistant manager, a manager and a senior manager respectively from September 1999 to April 2004. From April 2004 to May 2006, he consecutively worked as a senior manager and an associate director in Masterlink Securities (Hong Kong) Corporation Limited. Mr. Ng worked in CIMB Securities (Hong Kong) Limited as a vice president and a senior vice president of corporate finance division from June 2006 to August 2010 respectively. From August 2010 to January 2015, he worked as a director in the investment banking department of CMB International Capital Corporation Limited. Mr. Ng was a managing director of VBG Capital Limited from January 2015 to August 2019. He has been appointed as the Managing Director and Head of Corporate Finance for Shanxi Securities International Capital Limited in August 2019. Mr. Ng is an independent non-executive director of Dongguang Chemical Limited (stock code: 1170) since June 2017.



**Mr. Tam Tak Kei Raymond (“Mr. Tam”)**

Mr. Tam, aged 58, was appointed as an independent non-executive Director on 16 December 2016. He is responsible for supervising and providing independent advice on the operation and management of the Group. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Risk Management Committee. Mr. Tam obtained a bachelor degree of arts in accounting with computing from the University of Kent at Canterbury, United Kingdom in July 1985. He is an associate member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Tam has been appointed as an independent non-executive director of Vision Fame International Holding Limited (stock code: 1315), CNQC International Holdings Limited (stock code: 1240) and Li Bao Ge Group Limited (stock code: 8102) since December 2011, September 2012 and June 2016 respectively. He is also the company secretary of Branding China Group Limited (stock code: 863) since April 2013. He was an independent non-executive director of Digital Domain Holdings Limited (stock code: 547) from September 2009 to August 2013; Zebra Strategic Holdings Limited, now known as Yin He Holdings Limited (stock code: 8260) from June 2012 to September 2014; Tianjin Jinran Public Utilities Company Limited (stock code: 1265) from February 2011 to June 2015; Ngai Shun Holdings Limited (stock code: 1246) from September 2013 to July 2015; and Beijing Enterprises Clean Energy Group Limited, previously known as Jin Cai Holdings Company Limited (stock code: 1250), from June 2013 to July 2016. He was also the chief financial officer of King Force Security Holdings Limited (stock code: 8315) during the period from April 2014 to November 2014.

**Mr. Lee Man Tai (“Mr. Lee”)**

Mr. Lee, aged 46, was appointed as an independent non-executive Director on 30 June 2021. He is responsible for supervising and providing independent advice on the operation and management of the Group. He is the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Lee graduated from Lingnan University, Hong Kong in 2000 with a Bachelor’s degree in Business Administration and The Hong Kong Polytechnic University in 2010 with a Master’s degree in Business Administration. He was admitted as a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants in 2012. He obtained the qualification as a licensed representative and a responsible officer for advising Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO in 2017 and 2020 respectively. Mr. Lee has approximately 20 years of working experience in the financial industry. From October 2006 to October 2012, he acted as the chief financial officer and company secretary of China Yuanbang Property Holdings Limited, a company listed on the Mainboard of the Singapore Exchange Limited (stock code: BCD/CYBP.SI). From October 2012 to May 2014, he acted as the chief financial officer and company secretary of China 33 Media Group Limited, a company listed on the GEM of the Stock Exchange (stock code: 8087). He acted as the chief financial officer and company secretary of Flying Financial Service Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8030), from July 2014 to April 2015 and from August 2014 to April 2015, respectively. He also acted as the financial controller and company secretary of China International Development Corporation Limited (formerly known as Chanco International Group Limited and Ascent International Holdings Limited), a company

listed on the Main Board of the Stock Exchange (stock code: 264), from April 2015 to January 2016 and from April 2015 to September 2015, respectively. Since January 2016, Mr. Lee has been an independent non-executive director of China Energy Development Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 228). Since November 2016, he has been an independent non-executive director of Progressive Path Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1581). Since December 2019, he has been an independent non-executive director of Rizhao Port Jurong Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 6117).

As the Latest Practicable Date, the above members of the audit committee did not have, directly or indirectly, any interest in any assets which had since 31 December 2021 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group.

#### **X. GENERAL**

- (1) The registered office of the Company is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (2) The principal place of business of the Company in Hong Kong is at Room 1603, 16/F., China Building, 29 Queen's Road, Central, Hong Kong.
- (3) Mr. Ng Chi Ho Dennis, who is the company secretary of the Company, is a chartered accountant of The Chartered Accountants Australia and New Zealand, an associate of the Hong Kong Chartered Governance Institute and a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (4) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (5) In the event of inconsistency, the English texts of this circular shall prevail over the Chinese text.

#### **XI. DOCUMENTS ON DISPLAY**

The following documents are available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.steedoriental.com.hk](http://www.steedoriental.com.hk)) for a period of 14 days from the date of this circular.

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for the financial years ended 31 December 2019, 2020 and 2021;

- (c) the material contracts referred to in the section headed “III. MATERIAL CONTRACTS” in this appendix;
- (d) the valuation report of an Industrial Complex dated 15 September 2022 issued by APAC Asset Valuation and Consulting Limited, the text of which is set out in Appendix IIA of this circular;
- (e) the valuation report of 100% equity interest of the Target Company dated 15 September 2022 issued by APAC Asset Valuation and Consulting Limited, the text of which is set out in Appendix IIB of this circular;
- (f) the written consents referred to in the section headed “Expert and Consent” in Appendix III of this circular; and
- (g) this circular.

---

## NOTICE OF EGM

---

# Yunhong Guixin Group Holdings Limited

## 運鴻硅鑫集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8349)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**Meeting**”) of Yunhong Guixin Group Holdings Limited (the “**Company**”) will be held at Suite 3318, 33/F., Jardine House, 1 Connaught Place, Central, Hong Kong on Wednesday, 5 October 2022 at 2:30 p.m., to consider and, if thought fit, pass with or without amendments, the following resolutions:

#### ORDINARY RESOLUTION

1. “**THAT** the equity transfer agreement (the “**Equity Transfer Agreement**”) dated 19 July 2022 between Nantong Meigu Composite Materials Company Limited as Vendor and Chen Xiaosong\* 陳曉松 and Lu Yaliang\* 陸亞良 as Purchasers and the transactions contemplated thereunder be approved, ratified and confirmed; and any one director of the Company be and is hereby authorised to do all such acts and things, negotiate, approve, sign, initial, ratify and/or execute all documents which may in his/her opinion be necessary, desirable or expedient to implement and give effect to any matters arising from, relating to or incidental to the Equity Transfer Agreement and the transactions contemplated thereunder.”

By order of the Board

**Yunhong Guixin Group Holdings Limited**

**Li Yubao**

*Chairman and Executive Director*

Hong Kong, 15 September 2022

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised on its behalf.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the Meeting (or any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

---

## NOTICE OF EGM

---

5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. The transfer books and register of members of the Company will be closed from Thursday, 29 September 2022 to Wednesday, 5 October 2022, both days inclusive. During such period, no share transfers will be affected. In order to qualify for attending the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 28 September 2022.
7. A form of proxy for use by shareholders at the Meeting is enclosed.
8. To minimize the risks of infection of COVID-19, the Company will take precautionary measures at the Meeting, including:
  - compulsory body temperature checks for all attendees;
  - prohibition from attendance at the Meeting if the attendee has a fever. Persons exhibiting flu-like symptoms may also be refused admittance to the venue of the Meeting;
  - compulsory wearing of surgical face masks throughout the Meeting;
  - maintaining proper distance between seats; and
  - no refreshments and gifts will be provided at the Meeting.
9. In light of the continuing risks posed by COVID-19, the Company strongly advises shareholders to appoint the Chairman of the Meeting as their proxy to vote according to their indicated voting instructions as an alternative to attending the Meeting in person.
10. Subject to the development of COVID-19, the Company may implement further changes to the arrangement of the Meeting and precautionary measures and may issue further announcement on such measures as appropriate.
11. If Typhoon Signal No. 8 or above, or "extreme conditions" caused by super typhoons, or a "black" rainstorm warning is in effect any time and remains in force 2 hours before the time of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of Company at [www.nantongrate.com](http://www.nantongrate.com) and on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting.

\* *For identification purpose only*