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## **Yunhong Guixin Group Holdings Limited**

### **運鴻硅鑫集團控股有限公司**

*(formerly known as MEIGU Technology Holding Group Limited 美固科技控股集團有限公司)*

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

**(Stock Code: 8349)**

## **VOLUNTARY ANNOUNCEMENT – MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION**

The Board announces that on 30 December 2021, the Company and the Vendor entered into the MOU in relation to the Possible Acquisition of 100% equity interest in the Target Company. Save for the termination and confidentiality clauses, the MOU is not legally binding on the Vendor and the Company.

The Vendor is a company controlled by Mr. Li, an executive Director, the chairman of the Board and a controlling Shareholder. As such the Vendor is an associate of Mr. Li and hence a connected person of the Company.

**The Possible Acquisition may or may not proceed. The Possible Acquisition, if materializes, may constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Shareholders and investors are reminded to exercise caution when dealing in the Shares. Further announcement(s) in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.**

### **THE MOU**

The Board announces that on 30 December 2021, the Company and the Vendor entered into the MOU in relation to the Possible Acquisition of 100% equity interest in the Target Company.

### **Assets to be acquired**

Subject to the Vendor and the Purchaser entering into the Formal Agreement, the Vendor shall sell and the Purchaser shall acquire 100% of the issued share capital of the Target Company.

The Target Company is a company established in the PRC and wholly-owned by the Vendor. It is principally engaged in mining and sales of sand for casting.

## **Consideration**

The consideration for the Possible Acquisition will be determined and subject to further negotiation between the Purchaser and the Vendor. The consideration will be determined with reference to (i) the results of due diligence conducted on the Target Company by the Company; (ii) the valuation of the assets of the Target Company by third party valuer; (iii) the financial performance of the Target Company in the past three years; and (iv) the profit and cashflow forecast for 18 months of the Target Company.

## **Formal Agreement**

The Vendor and the Purchaser intend to enter into the Formal Agreement in relation to the Possible Acquisition within six months from the date of the MOU.

## **Conditions precedents**

Subject to the entering into the Formal Agreement between the Vendor and the Purchaser, completion of the Possible Acquisition is conditional upon, among other things, (i) the parties having obtained all necessary consents, approvals, authorizations and exemptions in connection with the Possible Acquisition; and (ii) no applicable laws, rules, orders, judgments of any Court or other government authorities which prohibit, restrict or impose any conditions or restrictions on the transactions contemplated under the Formal Agreement.

## **Termination**

The MOU shall be valid upon signing by the parties until the following events (whichever is earlier):

- (i) when the parties have confirmed in writing their agreement to terminate the negotiation of the Possible Acquisition; or
- (ii) when the parties to the MOU have signed the Formal Agreement in relation to the Possible Acquisition.

## **Legal effect**

The MOU is non-legally binding save for the provisions relating to termination and confidentiality of the MOU.

The failure to execute and deliver any Formal Agreement in relation to the Possible Acquisition shall impose no liabilities to the relevant parties.

## **REASONS AND BENEFITS FOR THE POSSIBLE ACQUISITION**

The Group is an established and leading manufacturer in the PRC engaged in the research and development, production and sale of a variety of fiberglass reinforced plastic (“**FRP**”) grating products. The Group’s major products consist of (i) FRP grating products; (ii) phenolic grating products; and (iii) epoxy wedge strip products.

The Target Company is principally engaged in mining and sales of sand for casting. Both the Vendor and the Target Company, which are renowned companies in the areas of mining, processing, and research and development of special industrial building materials, have established extensive business networks in the PRC. The Board is of the view that the Possible Acquisition, if materializes, will leverage on the strength and resources of the Group to consolidate the upstream and downstream resources for achieving synergy effects so as to enhance its cost control in producing and manufacturing its major products. In view of the above, the Board considers that the MOU and the Possible Acquisition contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Vendor is a company established in the PRC and controlled by Mr. Li, an executive Director, the chairman of the Board and a controlling Shareholder. As such, the Vendor is an associate of Mr. Li and hence a connected person of the Company under Chapter 20 of the GEM Listing Rules.

**The Possible Acquisition may or may not proceed. The Possible Acquisition, if materializes, may constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Shareholders and investors are reminded to exercise caution when dealing in the Shares. Further announcement(s) in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.**

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Board”	the Board of Directors
“Company”	Yunhong Guixin Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person”	has the same meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into between the Purchaser and the Vendor in relation to the Possible Acquisition
“GEM”	GEM of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“MOU”	the memorandum of understanding dated 30 December 2021 entered into between the Company and the Vendor setting out the preliminary understanding in relation to the Possible Acquisition
“Mr. Li”	Mr. Li Yubao, an executive Director, the chairman of the Board and a controlling Shareholder
“Possible Acquisition”	the possible acquisition by the Purchaser of the 100% equity interest in the Target Company held by the Vendor
“PRC”	the People’s Republic of China and for the purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	the Company or its subsidiary
“Shares”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Target Company”	通遼大西矽砂有限公司 Tongliao Dayou Silica Sand Co., Ltd.*, a company established in the PRC
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Vendor”	彰武國硅礦業有限公司 Zhangwu State Silicon Mining Co., Ltd.*, a company established in the PRC and controlled by Mr. Li, who owns the entire issued share capital of the Target Company as at the date of this announcement

“%” per cent.

\* for identification purpose only

By order of the Board  
**Yunhong Guixin Group Holdings Limited**  
**Li Yubao**  
*Chairman*

Hong Kong, 30 December 2021

*As at the date of this announcement, the executive Directors are Mr. Li Yubao, Ms. Zhang Yaping and Ms. Shi Dongying and the independent non-executive Directors are Mr. Lee Man Tai, Mr. Tam Tak Kei Raymond and Mr. Ng Sai Leung.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.*

*This announcement will remain on the Stock Exchange’s website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company Information” page for 7 days from the date of its posting and on the website of the Company at [www.nantongrate.com](http://www.nantongrate.com).*