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## **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)**

### **VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RELATION TO COOPERATION WITH WUXUE CITY INVESTMENT**

This announcement is made by Yunhong Guixin Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce that on 28 April 2022, the Company and 武穴城投礦業有限公司 (Wuxue City Investment Mining Co., Ltd.\*) (“**Wuxue City Investment**”) entered into a non-legally binding memorandum of understanding (the “**MOU**”) pursuant to which Wuxue City Investment is intended to cooperate with the Group in using its own researching and developing capabilities and operating experience to carry out the mining, processing or sales of building materials (such as limestone, marble, calcium carbonate). The aforementioned proposed cooperation between the parties takes in the form of, including but not limited to, establishing a joint venture company or commissioned research and development (the “**Potential Cooperation**”). It is expected that the Group will invest not more than RMB1,000,000 in the Potential Cooperation in the first year and the amount to be invested in the second year will be based on the results of the Potential Cooperation in the first year and to be determined by the Board and the board of directors of Wuxue City Investment.

The MOU does not constitute any legally binding commitment in respect of the Potential Cooperation, save and except that each party agrees to be legally bound by certain confidentiality and termination clauses pursuant to the MOU. The Potential Cooperation is subject to the negotiation and execution of the formal agreement(s) between the relevant parties, if any.

\* *For identification purpose only*

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE MOU**

The Group is an established and leading manufacturer in the People's Republic of China (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.

Wuxue City Investment is a state-owned enterprise 100% controlled by the Wuxue Municipal Government of the PRC. It has many years of research and development experience in the open-pit mining and processing market of construction raw materials such as mines and ores. Wuxue is a county-level city under the administration of Huanggang City in Hubei Province, a port city in the middle reaches of the Yangtze River. It is located on the northern bank of the middle reaches of the Yangtze River, at the southern foot of the Dabie Mountains, on the eastern edge of Hubei Province, and strategically located in the proximity of the northern part of Jiangxi Province. It is located in the adjacent areas of Hubei, Anhui and Jiangxi Provinces and has traditionally been easily accessible to seven counties in the three provinces. It has a unique geographical advantage, being located at the junction of Hubei Province and Jiangxi Province, the intersection of the three major first-class transportation routes in China; its mineral resources are relatively abundant, with 48 discovered mineral species (including sub-species) in 9 categories, accounting for 67.61% of the total number of discovered mineral species (71 species) in Huanggang City. There are 175 mineral properties with identified (including predicted) resource reserves within the city, and the proven resource reserves of cement limestone and sand shale for cement batching have great development and utilization value. Among others, the mineral resources of mineral water, copper ore, lead ore, zinc ore, silver ore, flux limestone, cement limestone, sand shale for cement batching and shale for cement batching in Wuxue account for 100% of Huanggang City's listed reserves, and non-metallic dolomite and limestone are the dominant minerals in Wuxue.

Under the Potential Cooperation, it is expected that our Group will be able to use the local resources, mastering the pricing power of upstream construction raw materials, reducing production costs, and at the same time expanding sales channels, obtaining more orders, and generating more income to the Group. The Board is of the view that the Potential Cooperation, if materialises, will leverage on the strength and resources of the Group in the PRC which will allow the Group to have a more competitive cost control in producing and manufacturing its major products. In view of the above, the Board considers that the MOU and the Potential Cooperation contemplated thereunder are in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, Wuxue City Investment and its ultimate beneficial owners are independent third parties of and not connected with the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

## **GENERAL**

The Board wishes to emphasise that the Potential Cooperation contemplated under the MOU may or may not proceed and that the parties have not entered into a legally binding agreement in relation to the transaction contemplated under the MOU as at the date of this announcement. If the transaction contemplated under the MOU materialises, the Company will make further announcements as and when appropriate in accordance with the GEM Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 April 2022

*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).*