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XINYANG MAOJIAN GROUP LIMITED

信陽毛尖集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 362)

MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE ISSUE OF CONVERTIBLE BONDS

This announcement is made by Xinyang Maojian Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 3 August 2020 (after trading hours), the Company and Huashang Financial Group Co. Limited (“**Strategic Partner**”) entered into a memorandum of understanding (the “**MOU**”), pursuant to which the Strategic Partner expressed its intention to subscribe (the “**Subscription**”) for convertible bonds to be issued by the Company (the “**Convertible Bonds**”). Pursuant to the MOU, it is intended the initial conversion price per share of the Convertible Bonds shall be HK\$0.52 and the number of conversion shares shall not exceed 260,000,000. Save for terms relating to confidentiality, termination, dispute resolution, binding effect and governing law, the MOU is not legally binding.

THE MOU

Date: 3 August 2020 (after trading hours)

Parties: (i) the Company; and
(ii) Huashang Financial Group Co. Limited

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Strategic Partner and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter

The Strategic Partner expressed its intention to subscribe for the Convertible Bonds. It is intended the initial conversion price per share of the Convertible Bonds shall be HK\$0.52 and the number of conversion shares shall not be exceeded than 260,000,000. Detailed terms and conditions of the Subscription of the Convertible Bonds have not been agreed and shall be subject to further negotiations between the parties to the MOU.

Formal subscription agreement

The parties to the MOU shall endeavour to negotiate, finalise and enter into a formal subscription agreement (the “**Subscription Agreement**”) in relation to the Subscription within sixty (60) days from the date of the MOU. The Subscription Agreement shall include terms which are customary in similar type of transaction, including but not limited to the following conditions:

- (a) the Stock Exchange having granted the listing of and permission to deal in the shares of the Company to be allotted and issued upon conversion of the Convertible Bonds; and
- (b) all necessary approvals, permits, waivers and consents in relation to the Subscription Agreement and the transactions contemplated thereunder having been obtained.

Term

If the parties to the MOU do not enter into the Subscription Agreement within sixty (60) days from the date of the MOU, the MOU shall terminate. The parties to the MOU agreed that, save for the provisions in relation to confidentiality, termination, dispute resolution, binding effect and governing law under the MOU, the MOU is not legally binding.

The Board wishes to emphasise that the Subscription is subject to, among other things, the signing of formal agreement(s) and the terms and conditions of which are yet to be agreed. As the Subscription may or may not proceed, shareholders and investors of the Company are advised to exercise with caution when dealing in securities of the Company. Further announcement will be made by the Company should any legally binding agreement be entered into as and when appropriate.

By order of the Board
Xinyang Maojian Group Limited
Chan Yuk Foebe
Chairman and Chief Executive Officer

Hong Kong, 3 August 2020

As at the date of this announcement, Ms. Chan Yuk Foebe, Mr. Law Tze Ping Eric, Mr. Yu Defa, Mr. Chen Lei and Mr. Gao Ran are the executive Directors and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit are the independent non-executive Directors.