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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)

VOLUNTARY ANNOUNCEMENT IN RELATION TO

(1) TERMINATION OF EXISTING LETTER OF INTENT AND (2) ENTERING INTO A NEW LETTER OF INTENT FOR THE PRODUCTION OF RAW MATERIALS FOR LITHIUM BATTERIES

This announcement is made by Xinyang Maojian Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders of the Company and potential investors an update on the latest business development of the Group.

TERMINATION OF EXISTING LETTER OF INTENT

Reference is made to the announcement of the Company dated 10 August 2021 (the “**Announcement**”) in relation to entering into of a letter of intent for project cooperation.

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company announces that the letter of intent for project cooperation dated 10 August 2021 entered into between the Company and Tianjin Boguang Chemical Technology Co., Ltd.* (天津博光化工技術有限公司) (“**Tianjin Boguang**”) has been lapsed on 23 December 2021. As at the date of this announcement, no joint venture has been established between the Company and Tianjin Boguang.

ENTERING INTO OF NEW LETTER OF INTENT

The Board of the Company is pleased to announce that, on 23 December 2021, the Company and Mudanjiang Xuri New Material Technology Co., Limited* (牡丹江旭日新材料科技有限公司) (“**Mudanjiang Xuri**”), an independent third party, entered into a letter of intent for project cooperation (the “**Mudanjiang LOI**”), pursuant to which the Company and Mudanjiang Xuri agreed to establish a joint venture company (the “**Joint Venture**”).

THE MUDANJIANG LOI

The principal terms of the Mudanjiang LOI are set out as follows:

- Date: 23 December 2021
- Parties: (i) the Company; and
(ii) Mudanjiang Xuri.
- Cooperation Project: Production of lithium battery raw materials, including but not limited to lithium hexafluorophosphate, lithium difluorophosphate, vinyl sulfate, vinylene carbonate, nonafluoro-tert-butanol, trifluoromethyltrimethylsilane, etc., which are primarily used in electric cars, electronic products and lithium batteries for mobile phones.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mudanjiang Xuri and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Pursuant to the Mudanjiang LOI, the Company and Mudanjiang Xuri agreed to establish the Joint Venture, which will be held as to 50% by each party. Their respective 50% equity holding in the Joint Venture is subject to the following obligations: (i) the Company shall inject into the Joint Venture the plants, factories, production workshops, electricity supply equipment, heating pipes, office buildings, laboratories, canteens and public facilities of its subsidiary, Mudanjiang Dongbei Chemical Engineering Company Limited* (牡丹江東北化工有限公司) (“**Mudanjiang Dongbei**”) for use without compensation; (ii) Mudanjiang Xuri shall inject into the Joint Venture the product technology and production patents; (iii) Mudanjiang Xuri shall be responsible for the Joint Venture's environmental assessment and safety assessment procedures, production feasibility reports, supervising the project and the purchase of equipment; and (iv) Mudanjiang Xuri shall guarantee that the relevant product technologies have been patented, authorised for use or guaranteed to be patented for production in the PRC. The parties are entitled to income proportion to their respective equity holdings in the Joint Venture.

The Mudanjiang LOI is intended by the parties to be used only as a document of intent for future business cooperation and does not constitute legally binding obligations on the parties governing the substantive terms in relation to the possible establishment of the Joint Venture.

INFORMATION ON THE PARTIES

The Company is principally engaged in the manufacture and sale of coal-related chemical products and bio-chemical products as well as the generation and supply of electric and steam power.

Mudanjiang Xuri is principally engaged in the production and sales of highly sophisticated chemical products and the provision of product technology transfer consultations.

REASONS FOR TERMINATION OF EXISTING LETTER OF INTENT AND BENEFITS OF ENTERING INTO OF THE MUDANJIANG LOI FOR THE ESTABLISHMENT OF A JOINT VENTURE COMPANY

As disclosed in the Announcement, in view of the development of electric products in recent years and in the foreseeable future, the Board considers that there will be an increasing global demand for lithium batteries, a crucial material for electric products, and therefore, manufacturing of raw materials for lithium batteries will provide the opportunities to the Company for accessing to the market with great potential while revitalising certain idle assets in Mudanjiang Dongbei. Considering the requirement of technology know-how and capital intensiveness for such production, the Company has changed its production partner from Tianjin Boguang to Mudanjiang Xuri.

Mudanjiang Xuri possesses the core technology of producing raw materials of lithium batteries and a group of talented team on research and development, while it manages experienced technical teams in production. Thus, it is better aligned with the interests of the Group to choose Xuri as the partner.

The Board considers the terms of the Mudanjiang LOI are fair and reasonable and in the interests of the Company and its shareholders as a whole. Should the proposed establishment of the Joint Venture constitute a notifiable transaction for the Company, a further announcement will be made by the Company as and when appropriate in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board wishes to emphasise that, as at the date of this announcement, the Company has not entered into any legally binding agreement in respect of the formation of the Joint Venture. Shareholders and potential investors of the Company should note that the matters contemplated under the Mudanjiang LOI may or may not materialise. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 23 December 2021

As at the date of this announcement, Ms. Chan Yuk Foebe, Mr. Gao Ran and Mr. Law Tze Ping Eric 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.

* *For identification purposes only*