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XINYANG MAOJIAN GROUP LIMITED

信陽毛尖集團有限公司

(formerly known as China Zenith Chemical Group Limited 中國天化工集團有限公司)

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

(Stock Code: 362)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the circular of the Company dated 23 July 2018 (the “**Circular**”) and the announcements of the Company dated 7 January 2018, 11 June 2018 and 15 August 2018, 9 October 2019 and 12 February 2020 (collectively, the “**Announcements**”), respectively, in relation to the acquisition of the entire issued share capital of the Target Company. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular and the Announcements.

SUPPLEMENTAL INFORMATION ON THE TERMINATION AGREEMENT

Under the Termination Agreement, the parties had agreed, among others, that the Company shall waive the remaining receivables of RMB4,742,224 (the “**Remaining Receivables**”) from the Target Group under the Guaranteed Financial Performance, being the amount advanced to the Target Group by the Company for the purposes of its working capital (the “**Remaining Receivables Waiver**”).

Terms of the Remaining Receivables

The Remaining Receivables was a result of the remaining amount of an advancement made from the Company to the Target Company as working capital, which was used mainly for its promotion and marketing expenses (the “**Receivables**”). The Receivables was of a current account nature which was unsecured, non-interest bearing and did not have a fixed term of repayment.

Reasons for granting the Remaining Receivables Waiver

Under the terms and conditions of the Share Transfer Agreement (as amended and supplemented by the Supplemental Agreement), the Company was entitled to the undistributed distributable profit, where applicable, of the Target Company before completion of the exercise of the Put Option by the Company.

The Remaining Receivables Waiver did not represent that the Company had incurred additional loss as a result of the exercise of the Put Option, but was granted merely to confirm that the Company would bear the loss from the Target Company (being the Remaining Receivables) since the date of the Acquisition until the entering into of the Termination Agreement (the “**Acquisition Period**”).

As the Remaining Receivables Waiver was granted merely to confirm that the Company would bear the loss from the Targeting Company during the Acquisition Period, and that the Company would not incur any further losses as a result of the Remaining Receivables Waiver, the Directors (including the independent non-executive Directors) are of the view that the terms of the Remaining Receivables Waiver are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 8 April 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. Lin Bitian 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.