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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 THE FRAMEWORK AGREEMENT FOR THE ESTABLISHMENT OF A JOINT VENTURE COMPANY**

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.

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce that, on 16 March 2021, Heihe Longjiang Chemical Co., Ltd.\* (黑河龍江化工有限公司) (“**Heihe Longjiang**”), a company indirectly owned as to 90% by the Company, and Heihe Shark Technology Co., Ltd.\* (黑河鯊魚科技有限公司) (“**Heihe Shark**”), an independent third party, entered into the project cooperation agreement (the “**Project Cooperation Agreement**”), pursuant to which Heihe Longjiang and Heihe Shark agreed to establish a joint venture company (the “**Joint Venture**”).

#### **THE PROJECT COOPERATION AGREEMENT**

The principal terms of the Project Cooperation Agreement are set out as follows:

Date : 16 March 2021

Parties : (i) Heihe Longjiang; and  
(ii) Heihe Shark.

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

Since 2018, Heihe Shark has been leasing plant and power equipment from Heihe Longjiang in the Sino-Russia Processing Zone, Heihe City, Heilongjiang Province (黑龍江省黑河市對俄加工園) of the People's Republic of China. It is engaged in assembling and selling cryptocurrency computers and related hardware, providing data center services and network technical support, technical consulting, and information technology services. The parties agreed to enter into the Project Cooperation Agreement in order to deepen their mutual cooperation.

Pursuant to the Project Cooperation Agreement, Heihe Longjiang and Heihe Shark agreed to form the Joint Venture, which will be held as to 50% by Heihe Longjiang and as to 50% by Heihe Shark. To account for its respective 50% equity holding in the Joint Venture, (i) Heihe Longjiang shall contribute 30,000 square feet of land, workshops and office buildings on the land and 110KV substations, lines and power supply facilities; and (ii) Heihe Shark shall inject its own cryptocurrency business, big data business, relevant personnel, product technology, all relevant intellectual property rights and RMB150 million into the Joint Venture. Heihe Shark shall be responsible for operation management of the Joint Venture. Heihe Longjiang shall be responsible for financial management of the Joint Venture. Both parties shall enjoy income within the scope of their equity holdings in the Joint Venture.

The Project Cooperation Agreement 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**

Heihe Longjiang is principally engaged in manufacture and sale of calcium carbide, polyvinylchloride and vinyl acetate.

Heihe Shark is principally engaged in assembling and selling cryptocurrency computers and related hardware, providing data center services and network technical support, technical consulting, and information technology services.

## **REASONS FOR AND BENEFITS OF FORMATION OF THE JOINT VENTURE**

The establishment of the Joint Venture enables the Group to tap into businesses such as cryptocurrency and big data management; it can also revitalise part of the assets of Heihe Longjiang.

## COMPETITIVE ADVANTAGES

As the “Two Sessions” concluded, carbon neutrality has become a long-term national policy and there is no doubt that China will reform its high energy consumption industries, such as the recent increase in electricity prices in Inner Mongolia and the impact of power restrictions.

The Joint Venture is located at the Sino-Russia Processing Zone in Heihe City, the only region in the country to import Russian electricity, which is generated by hydroelectric power, one of the cleanest sources of energy available. Such advantage is self-evident.

The Joint Venture enjoys a relatively stable price for the Russian electricity used and a relatively relaxed policy. As it is in cold climate regions, the energy consumption required for heat dissipation is relatively small. In addition, because of its proximity to Blagoveshchensk, a capital city in the Far East Region of Russia, which is suitable for living, it can retain relevant talents.

The Board considers the terms of the Project Cooperation Agreement 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, 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 Project Cooperation Agreement 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, 16 March 2021

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