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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 10 August 2021, the Company and Tianjin Boguang Chemical Technology Co., Ltd.\* (天津博光化工技術有限公司) (“**Tianjin Boguang**”), an independent third party, entered into a letter of intent for project cooperation (the “**Letter of Intent for Project Cooperation**”), pursuant to which the Company and Tianjin Boguang agreed to establish a joint venture company (the “**Joint Venture**”).

#### **THE LETTER OF INTENT FOR PROJECT COOPERATION**

The principal terms of the Letter of Intent for Project Cooperation are set out as follows:

- Date: 10 August 2021
- Parties: (i) the Company; and
- (ii) Tianjin Boguang.

Cooperation Project: Manufacture and sale of lithium battery raw materials, including but not limited to lithium hexafluorophosphate, lithium difluorophosphate, ethylene sulfate, vinylene carbonate, nonafluoro-tert-butyl alcohol, 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, Tianjin Boguang and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Since 2019, Tianjin Boguang has been engaged in a joint venture, Mudanjang Xusheng Limited\* (牡丹江旭昇有限公司), with the Company, for the manufacture and sale of refined chemical products. The parties agreed to enter into the Letter of Intent for Project Cooperation in order to deepen their mutual cooperation.

Pursuant to the Letter of Intent for Project Cooperation, the Company and Tianjin Boguang 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 utilities of its subsidiary, Mudanjiang Dongbei Chemical Engineering Company Limited\* (牡丹江東北化工有限公司) for use without compensation; and (ii) Tianjin Boguang 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 Letter of Intent for Project Cooperation 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.

Tianjin Boguang is principally engaged in the manufacture and sale of chemical products and bio-chemical products.

## **REASONS FOR AND BENEFITS OF ESTABLISHMENT OF THE JOINT VENTURE COMPANY**

In recent years, as the world advocates the reduction of carbon emissions, the use of electric products with low-carbon emissions will become mainstream in the future, with electric cars, smart phones and tablets being particularly in demand. The Board considers that there will be an increasing global demand for lithium batteries, a crucial material for electric products, and therefore, the establishment of the Joint Venture with Tianjin Boguang to manufacture raw materials for lithium batteries will expand the chemical products business of the Company while revitalising certain idle assets in Mudanjiang.

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, 10 August 2021

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