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CHEERWIN

Cheerwin Group Limited

朝雲集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6601)

VOLUNTARY ANNOUNCEMENT EQUITY INTEREST TRANSFER AND CAPITAL INJECTION AGREEMENT

This announcement is made by Cheerwin Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 18 April 2022, Guangzhou Cheerwin Holding Company Limited (廣州朝雲控股有限公司) (“**Guangzhou Cheerwin**”), an indirect wholly-owned subsidiary of the Company, entered into an equity interest transfer and capital injection agreement (the “**Agreement**”) with Mr. Liu Gaosheng (劉高升), all other existing shareholders of Wuhan Zhongbo Lvya Biotechnology Limited (武漢中博綠亞生物科技股份有限公司) (“**Zhongbo Lvya**”) and Zhongbo Lvya, each of which an independent third party and a supplemental agreement to the Agreement with Mr. Liu Gaosheng and Zhongbo Lvya (the “**Supplemental Agreement**”, together with the Agreement, the “**Agreements**”). Mr. Liu Gaosheng is the ultimate controlling shareholder of Zhongbo Lvya. The Agreements became effective upon execution on 18 April 2022.

Pursuant to the Agreements, Guangzhou Cheerwin agreed to acquire 23.45% equity interest of Zhongbo Lvya from its ultimate controlling shareholder, Mr. Liu Gaosheng. At the same time, Guangzhou Cheerwin agreed to acquire 8.5625% equity interest of Zhongbo Lvya by way of capital injection. Upon completion of the investments, Zhongbo Lvya will be owned as to 30.0046% by Guangzhou Cheerwin and Guangzhou Cheerwin will become the second largest shareholder of Zhongbo Lvya, with pre-emptive rights in the potential acquisition of Zhongbo Lvya’s equity interest in the future.

Pursuant to the Supplemental Agreement, considering the long-term development strategies of both parties, Guangzhou Cheerwin and Zhongbo Lvya decided to establish a win-win and sustainable strategic cooperation partnership relationship in pet health care products and pet medicine industry in terms of research and development resource sharing, product development, supply chain cooperation, capital cooperation, etc., based on their mutual trust and benefit.

INFORMATION ABOUT THE COOPERATING PARTY

Zhongbo Lvya is a company established under the laws of the People's Republic of China and is a leading high-tech enterprise with Good Manufacturing Practice (GMP) certification focusing on the production, research and development, and sales of pet medicine and healthcare products in China. Zhongbo Lvya operates a well-established brand, Xiaochong (小寵), for more than 16 years and its products and services covered more than 10,000 offline pet stores and pet hospital outlets. Zhongbo Lvya has a complete production line of pet medicine and healthcare products. With a close cooperation mechanism with professional research and development teams, Zhongbo Lvya accumulated abundant research and development resources and strong technical advantages in the field of pet medicine and healthcare products. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Zhongbo Lvya and its ultimate beneficial owners is a third party independent of and not connected to the Company.

REASONS AND BENEFITS FOR ENTERING INTO THE AGREEMENTS

The Company has been strategically developing pet products business in recent years and achieved rapid growth in revenue from this business segment. For the pet products category, revenue increased by 138.9% from RMB22.0 million for the year ended 31 December 2020 to RMB52.7 million for the year ended 31 December 2021. In 2021, the Company has successfully launched a popular series of pet deodorisation and sterilisation products, cat litter products and a pet fresh meat product line with high gross profit margin, including cat staple food, dog staple food, cat treats and probiotics, etc.

To further reinforce its market presence in the pet products industry, the Company is seeking to cooperate with a partner with exclusive experience and know-how in the industry and considered Zhongbo Lvya as a suitable business partner to achieve this goal. Through the investment in Zhongbo Lvya, the Company will establish strategic cooperation in the fields of research and development, procurement, production and supply chain of pet health supplements and medicines with Zhongbo Lvya and leverage on its resources and experiences to further develop the Group's pet health products business. The Board believes that entering into the Agreements will empower the Company to enhance its core competitiveness of pet products business.

IMPLICATIONS OF THE LISTING RULES

The Board has reviewed the proposed arrangements under the Agreements and believes that none of them constitute a discloseable transaction of the Company (as defined in Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

GENERAL

The Company will make further announcement(s) on any material development in the above matters where necessary in compliance with the Listing Rules.

By order of the Board
Cheerwin Group Limited
Chen Danxia

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 18 April 2022

As at the date of this announcement, the Board comprises Ms. Chen Danxia, Mr. Xie Rusong and Mr. Zhong Xuyi as executive Directors; Mr. Chen Zexing as non-executive Director; and Dr. De-Chao Michael Yu, Mr. Guo Sheng and Mr. Chan Wan Tsun Adrian Alan as independent non-executive Directors.