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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 STRATEGIC COOPERATION AGREEMENT AND INVESTMENT 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 8 November 2021, 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 a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) and an investment agreement (the “**Investment Agreement**”, together with the Strategic Cooperation Agreement, the “**Agreements**”) with Shandong Shuaike Pet Product Co., Ltd. (山東帥克寵物用品有限公司) (“**Shandong Shuaike**”).

Pursuant to the Strategic Cooperation Agreement, Guangzhou Cheerwin, together with its subsidiaries, and Shandong Shuaike, together with its subsidiaries, agreed to carry out strategic cooperation in areas including pet food research and development, procurement, production, supply chain cooperation and capital cooperation. The effective date of the Strategic Cooperation Agreement is 8 November 2021.

The details of the Agreements are as follows:

1. **Production Capacity Guarantee:** Shandong Shuaike will serve as a strategic supplier of pet food to Guangzhou Cheerwin. Under original equipment manufacturer arrangement, Guangzhou Cheerwin undertakes to give priority to Shandong Shuaike for Guangzhou Cheerwin’s procurement of pet food given the same available market conditions, and Shandong Shuaike undertakes to provide Guangzhou Cheerwin with stable and timely supply of products especially during the peak sales seasons.
2. **Cost Management:** The parties agreed that during the strategic cooperation period, Guangzhou Cheerwin is entitled to preferential policies available for the core top customers of Shandong Shuaike.
3. **Technological Breakthrough:** The parties agreed that they will jointly promote cooperation in pet food research and development, including but not limited to setting up joint pet food research laboratories, jointly applying for patents, sharing resources from third party authorities and training research engineers, etc.

4. Strategic Investment: Guangzhou Cheerwin agreed to invest RMB66,900,000 in Shandong Shuaike. The investment is financed by net proceeds from the global offering of the Company for the purpose of strategic acquisitions/investments of upstream and downstream businesses to acquire external high quality, complementary technologies, brands and businesses.

INFORMATION ABOUT THE COOPERATING PARTY

Shandong Shuaike is a domestic company engaged in the processing of natural fresh meat pet staple food with leading production capacity and technology. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shandong Shuaike 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 business in recent years and achieved rapid growth in revenue from this business segment. For the pet care products category, revenue increased by 350.5% from the six months ended 30 June 2020 to the six months ended 30 June 2021. In 2021, the Company has successfully launched cat litter products and a pet food product line with a higher gross profit margin.

To deepen its presence in the pet industry, the Company is seeking to cooperate with a partner with exclusive experience and knowhow in the industry and considered Shandong Shuaike as a suitable business partner to achieve this goal. As a quality pet food manufacturer, Shandong Shuaike has approximately ten years of experience in the pet food industry. The Board believes that entering into the Agreements will enable the Company to fully leverage on the experience of Shandong Shuaike in the production of pet food and to empower the Company to develop successfully in the pet industry.

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, 9 November 2021

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.