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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

BUSINESS UPDATES

This is a voluntary announcement made by Xinyang Maojian Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for keeping shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest business development of the Group.

The 14th Five-Year Plan and the Vision 2035 were approved by the National People’s Congress (NPC) and the National Committee of the Chinese People’s Political Consultative Conference (CPPCC) in 2020, and the issue of carbon neutrality will be formally addressed. China is committed to realizing of the goal of “peaking carbon dioxide emissions” by 2030, after which carbon dioxide emissions will stop growing; and achieving the objective of “carbon neutrality” by 2060, by then carbon dioxide emissions will be offset by energy saving and emission reduction and the use of renewable energy. As a result, high energy-consuming industries in PRC (including calcium carbide production) are undergoing proactive reforms.

It is mentioned at the Regional Development and Reform Work Conference of Inner Mongolia held in March 2021 that principally speaking, no new coal chemical project will be approved during the period of the Inner Mongolia’s 14th Five-Year Plan, and new instructions are given in regard to existing coal chemical projects, including expedited phasing out of obsolete and redundant production capacity, guiding the orderly withdrawal of restricted production capacity in industries with excessive capacity, and implementation of production capacity replacement and upgrading. These policies will reduce the production capacity of coal chemical products in Inner Mongolia. In addition to regulating the production capacity of industries with high energy-consumption, the tariff for high-energy-consuming industries has also been uplifted in Inner Mongolia. Moreover, a differentiated tariff policy has been

implemented for eight industries, including production of calcium carbide, in strict accordance with national regulations. Inner Mongolia is the main competing region for high-energy-consuming industries in Heilongjiang Province. The current policy of reforming high-energy-consuming industries in Inner Mongolia will eliminate the production advantages thereof. On the contrary, since Heilongjiang Province has been applying the relevant emission reduction standards for nearly a decade, the production advantages of high-energy-consuming industries in Heilongjiang Province will gradually emerge, especially Heihe City in Heilongjiang Province.

Heihe Longjiang Chemical Co., Ltd. (“**Heihe Longjiang**”), a subsidiary of the Group engaged in the production and sale of calcium carbide, is located at the Sino-Russia Processing Zone in Heihe City, the only region in the country to import Russian electricity. The imported Russian electricity is generated by hydroelectric power, one of the cleanest sources of energy available, which is in line with PRC’s policy towards “carbon neutrality”. Besides, the price of electricity is relatively stable, making Heihe Longjiang a very suitable production base for industries with high energy consumption, such as big data processing centers, coal chemical, metallurgy and cryptocurrency computing industries.

The Board has noted the recent significant structural increase in the market price of coal chemical products, and believes that this price will sustain for a long period of time. As such, Heihe Longjiang will take advantage of this opportunity to resume the production of calcium carbide, with an expectation that the first batch of calcium carbide will be launched to the market by May 2021.

The Board will conduct timely review of the production resumption progress of Heihe Longjiang, as well as re-consider transferring the downstream coal chemical production lines from Mudanjiang to Heihe Longjiang, with an aim to reach full production capacity.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 13 April 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.