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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Xinyang Maojian Group Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

(1) MAJOR TRANSACTION IN RELATION TO DISPOSAL OF LANDS AND (2) NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 8 of this circular.

A notice convening the SGM to be held at Room 4007, 40/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, at 4:00 p.m. on Monday, 22 March 2021 is set out on pages 26 to 28 of this circular. A form of proxy for use at the SGM or any adjournment thereof is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the novel coronavirus (COVID-19) pandemic, the following precautionary measures will be implemented at the SGM:

- (1) Compulsory body temperature screening/checks;
- (2) Compulsory wearing of surgical face mask;
- (3) No provision of food or beverages and no distribution of gifts; and
- (4) Number of people in each room limited to four or any other number legitimately allowed.

For the health and safety of Shareholders, the Company would strongly encourage Shareholders to exercise their rights to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the SGM in person.

25 February 2021

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PRECAUTIONARY MEASURES FOR THE SGM

In consideration of the control and prevent of spreading of novel coronavirus disease (“COVID-19”) pandemic, the following precautionary measures will be implemented at the SGM so as to safeguard the health and safety of the Shareholders who might be attending the SGM in person:

Voting by proxy in advance of the SGM: The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of Shareholders, the Company would strongly encourage Shareholders to exercise their rights to vote at the SGM by appointing the Chairman of the SGM as their proxy instead of attending the SGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders’ rights. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should they subsequently so wish.

Completed forms of proxy must be returned to the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM and any adjourned meeting thereof.

Shareholders are strongly encouraged to cast their votes by submitting a form of proxy and appointing the Chairman of the SGM as their proxy.

Taking into account the guidelines mentioned in the “Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation” published by the Securities and Futures Commission and the Stock Exchange on 1 April 2020, the Company will also implement the following additional precautionary measures at the SGM to ensure the health and safety of the attendees at the SGM:

- (1) compulsory body temperature screening/checks will be carried out on every attendee before registration at the entrance of China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The Company reserves the right to deny entry of any person with a body temperature above the reference range quoted by the Department of Health of Hong Kong from time to time, or is exhibiting flu-like symptoms into the SGM venue or require such person to leave the SGM venue so as to ensure the health and safety of the attendees at the SGM;
- (2) every attendee will be compulsorily required to wear a surgical face mask throughout the SGM and every attendee will be assigned a designated seat at the time of registration to ensure social distancing;
- (3) no food or beverages will be served and no gifts will be distributed to attendees at the SGM; and

PRECAUTIONARY MEASURES FOR THE SGM

- (4) multiple meeting rooms linked by telecommunication facilities and/or computer devices at the SGM venue will be arranged by the Company and Shareholders or their proxy will be directed to sit in certain meeting rooms to limit the number of people in each room to four or any other number allowed under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G, Laws of Hong Kong) at the date of holding the SGM and to ensure adequate physical distancing between attendees.

Attendees are requested to observe and practise good personal hygiene at all times at the SGM venue.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements with short notice. Shareholders should check the Company's website (<https://www.xinyangmaojian.com.hk/>) for future announcements and updates on the SGM arrangements when necessary.

DEFINITIONS

This circular has both English and Chinese versions. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.

In this circular, unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:

“Agreement”	an agreement entered into on 28 December 2020 between the Vendor and the Purchaser in relation to the Disposal
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank”	Agricultural Bank of China Limited Heihe Aihui Branch
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday in Hong Kong) on which commercial banks are generally open for business throughout their normal business hours in the Central district of Hong Kong
“Company”	Xinyang Maojian Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	the outbreak of the 2019 Novel Coronavirus
“Director(s)”	director(s) of the Company
“Disposal”	the Disposal of the land use rights of the Lands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinyang Engineering”	Mudanjiang Jinyang Municipal Engineering Company Limited* (牡丹江金陽市政工程有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“Land A”	the land located at Russian Power Processing Zone, Ergonghe, Heihe, Heilongjiang province, the PRC (中國黑龍江省黑河二公河俄電加工區) with an aggregate area of approximately 95,213 sq. m. where the Vendor has erected structures
“Land B”	the land located at Russian Power Processing Zone, Ergonghe, Heihe, Heilongjiang province, the PRC (中國黑龍江省黑河二公河俄電加工區) with an aggregate area of approximately 120,551 sq. m. where the Vendor has erected structures
“Lands”	Land A and Land B
“Latest Annual Report”	the annual report of the Company for the year ended 30 June 2020 published on 1 November 2020
“Latest Practicable Date”	22 February 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Legal Charge”	the legal charge over Land B in favour of the Bank
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lv”	Mr. Lv Wangsheng (呂旺盛)
“Mudanjiang Better-Day”	Mudanjiang Better-Day Power Limited (牡丹江佳日熱電有限公司), a company established in the PRC with limited liability
“Mudanjiang Longtuo”	Mudanjiang Longtuo New Energy Co., Ltd.* (牡丹江龍拓新能源有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Heihe Longhe Investment Management Limited* (黑河龍合投資管理有限責任公司), a limited liability company established in the PRC

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held to consider and approve, among others, the Agreement and the transaction contemplated thereunder
“Shareholder(s)”	shareholder(s) of the Company
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Price”	the transfer price in an aggregate amount of RMB139,440,000 for the transfer of the land use rights of Land A and Land B with land compensation of RMB17,000,000
“Vendor”	Heihe Longjiang Chemical Limited* (黑河龍江化工有限公司), a wholly foreign-owned enterprise established in the PRC for an operating period of 20 years commencing from the approval date of 5 June 2008 and a company indirectly owned as to 90% by the Company
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Chan Yuk Foebe

(Chairman and Chief Executive Officer)

Mr. Gao Ran *(Vice-chairman)*

Mr. Law Tze Ping Eric

Mr. Yu Defa

Mr. Chen Lei

Independent Non-executive Directors:

Mr. Ma Wing Yun Bryan

Mr. Tam Ching Ho

Mr. Hau Chi Kit

Registered office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM10

Bermuda

Principal place of business in

Hong Kong:

Room 4007, 40/F

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

25 February 2021

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION
IN RELATION TO DISPOSAL OF LANDS
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 28 December 2020 in relation to the Disposal.

LETTER FROM THE BOARD

On 28 December 2020 (after trading hours), the Vendor, being a company indirectly owned as to 90% by the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to transfer the land use rights of the Lands to the Purchaser at the Transfer Price of RMB156,440,000 (equivalent to approximately HK\$185,500,000), comprising of RMB139,440,000 with land compensation of RMB17,000,000.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further details of the Disposal; and (ii) the notice convening the SGM.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date

28 December 2020

Parties

Vendor: Heihe Longjiang Chemical Limited* (黑河龍江化工有限公司), a company indirectly owned as to 90% by the Company

Purchaser: Heihe Longhe Investment Management Limited* (黑河龍合投資管理有限責任公司)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Assets to be disposed

Land A

Land A is located at Russian Power Processing Zone, Ergonghe, Heihe, Heilongjiang province, the PRC (中國黑龍江省黑河二公河俄電加工區) with an area of approximately 95,213 sq. m. where the Vendor has erected various buildings and structures, for which the Vendor obtained the relevant land use right permit in March 2010.

Land B

Land B is located at Russian Power Processing Zone, Ergonghe, Heihe, Heilongjiang province, the PRC (中國黑龍江省黑河二公河俄電加工區) with an area of approximately 120,551 sq. m. where the Vendor has erected various buildings and structures, for which the Vendor obtained the relevant land use right permit in March 2010. Land B has been

LETTER FROM THE BOARD

charged to the Bank under the Legal Charge under which amount of RMB8,500,000 has been secured.

Transfer Price

The Transfer Price of RMB156,440,000 (equivalent to approximately HK\$185,500,000), comprising of RMB139,440,000 with land compensation of RMB17,000,000, will be payable as follows:

- (a) RMB8,500,000 (equivalent to approximately HK\$10,000,000) payable as a deposit and for settling part of the Transfer Price on or before signing of the Agreement; and
- (b) RMB147,940,000 (equivalent to approximately HK\$175,500,000) payable upon Completion of the Agreement.

The abovementioned land compensation of RMB17,000,000 was determined by virtue of the negotiation between the Vendor and the Purchaser which the Purchaser agreed to pay to the Vendor for tax payment purpose in relation to the Disposal.

The Transfer Price was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among other things, a valuation report on the Lands and buildings as at 30 June 2020 of HK\$159,968,000 based on the valuation conducted by an independent valuer plus land compensation of RMB17,000,000. The Transfer Price represents a premium of approximately 16% to the valuation as at 30 June 2020.

Based on the latest valuation report prepared by Ample Appraisal Limited as set out in Appendix II to this circular, the market value of the Lands and buildings as at 31 December 2020 was RMB153,700,000, comprising of market value of the Lands at RMB45,300,000 and depreciated replacement cost of buildings and structures on the Lands of RMB108,400,000. As such latest valuation was not available for the parties' reference as at the date of the Agreement, the Vendor and the Purchaser did not rely on the same in determining the Transfer Price.

Despite the increase in the valuation of the Lands and buildings from 30 June 2020 to 31 December 2020, the Transfer Price would still represent a premium of approximately 2% to the latest valuation of the Lands and buildings. Notwithstanding the decrease in the amount of premium, the Company still considers that the Transfer Price and the Disposal remain fair and reasonable and in the interests of the Company and the Shareholders as a whole as the Disposal will enable the Company to realise the value of the Lands, repay the debts of the Company and save the Company from spending further maintenance costs towards the Lands which have been left idle by the Group for long time.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

As the Lands have been left idle by the Group for long time and in view of the Transfer Price to be received from the Disposal by the Group, the Directors considered that the Disposal is a good opportunity for the Group to realise the value of the Lands and will enable the Group to generate cash inflow for its business operation, improve its liquidity and reduce the carrying cost of the idle lands. The Directors believe that the Disposals would strengthen the Group's financial position and benefit the future business development of the Group in the long run.

The Directors (including the independent non-executive Directors) believe that the terms of the Agreement are on normal commercial terms and are negotiated on an arm's length basis, and the Disposals are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

The unaudited net book value of the Lands and buildings as at 31 December 2020 amounted to approximately HK\$138,603,000.

The Lands and buildings will be de-recognised from the books of the Group upon the completion of the Disposal. It is estimated that the total assets of the Group would be increased by approximately HK\$26,152,000, based on the Transfer Price of the Disposal of HK\$185,500,000 less the net book value of the Lands and buildings, costs and other related expenses and there will be no material impact to the total liabilities of the Group.

Immediately upon completion of the Agreement, the Group will record the gross proceeds from the Disposal in the amount of RMB156,440,000 (equivalent to approximately HK\$185,500,000).

The Company intends to use the gross proceeds from the Disposal in the following ways:

- (a) approximately RMB134,000,000 (equivalent to approximately HK\$159,000,000) will be used for repayment of debts;
- (b) approximately RMB17,000,000 (equivalent to approximately HK\$20,000,000) will be used for tax payment in relation to the Disposal; and
- (c) the remainder of approximately RMB5,000,000 (equivalent to approximately HK\$6,000,000) will be used for general working capital of the Group.

INFORMATION ON THE GROUP AND THE VENDOR

The Group is principally engaged in chemical businesses and the provision of construction services. The Vendor is principally engaged in manufacture and sale of calcium carbide and lime powder.

LETTER FROM THE BOARD

INFORMATION OF THE PURCHASER

The Purchaser is a wholly-owned indirect subsidiary of Heihe Border Economic Cooperate Finance Bureau* (黑河邊境經濟合作區財政局), which is a governmental department of the PRC government.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Chapter 14 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this circular, none of the Shareholders or any of their respective associates has a material interest in the Disposal, thus no Shareholder is required to abstain from voting for the resolution if the Company were to convene the SGM to approve the Disposal.

Pursuant to the Agreement, the Completion is not subject to any conditions precedent. In the event that the Shareholders fail to approve the Agreement, the Vendor has the right to cancel the Disposal.

RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the Agreement have been negotiated on an arm's length basis and is on normal commercial terms which are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend that all Shareholders should vote in favour of all the resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
Xinyang Maojian Group Limited
Chan Yuk Foebe
Chairman and Chief Executive Officer

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 30 June 2018, 2019 and 2020 are disclosed in the annual reports of the Company for the years ended 30 June 2018, 2019 and 2020, respectively. These annual reports are published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<https://www.xinyangmaojian.com.hk/circular-and-annual-report>):

- (a) annual report of the Company for the year ended 30 June 2018 published on 30 October 2018 available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/1030/ltn20181030309.pdf>, please refer to pages 43 to 50 in particular;
- (b) annual report of the Company for the year ended 30 June 2019 published on 30 October 2019 available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1030/ltn20191030057.pdf>, please refer to pages 66 to 73 in particular; and
- (c) the Latest Annual Report available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1101/2020110100115.pdf>, please refer to pages 70 to 76 in particular.

2. INDEBTEDNESS

As at the close of business on 31 December 2020, being the indebtedness date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness were as follows:

Lease liabilities

As at 31 December 2020, the Group, as a lessee, had lease liabilities with outstanding principal amount of approximately HK\$4.8 million.

Convertible bonds

The Group had an outstanding principal of convertible bonds of approximately HK\$80.0 million, which is non-interest bearing and repayable by 12 November 2023.

Interest-bearing bank borrowings

The Group had an outstanding principal of bank borrowings of approximately HK\$59.7 million, which is secured by the Group's building and plant and machinery and approximately HK\$42.3 million are repayable on demand or repayable within one year, approximately HK\$2.7 million repayable in the second year, approximately HK\$8.5 million repayable in the third to fifth years and approximately HK\$6.2 million repayable after five year.

Other borrowings

The Group had an outstanding principal of other borrowings of approximately HK\$64.6 million, which is secured by the Group's fixed assets and right-of-use assets and are repayable within one year.

Bonds

The Group had an outstanding principal of bonds of approximately HK\$1,448.7 million, which is unsecured and approximately HK\$68.9 million repayable within one year, approximately HK\$1,280.1 million repayable in the second to fifth years inclusive and approximately HK\$99.7 million repayable after five year.

Contingent liabilities

On 19 November 2012, China Electricity Construction Consultant Group Dongbei Electricity Design College (the "**Plaintiff**") filed a writ (the "**Writ**") with the high court of Heilongjiang Province in the PRC (the "**Heilongjiang High Court**") against Mudanjiang Better-Day Power Limited ("**Mudanjiang BD Power**"), an indirect wholly-owned subsidiary of the Company.

Mudanjiang BD Power had contracted the Plaintiff to construct certain coal-powered electricity generating facilities at the business address of Mudanjiang BD Power (the "**Contract**"). Owing to the alleged delay in the progress of construction, the Plaintiff claimed (i) the payment of the contract sum in the amount of approximately RMB42,700,000 and the interest thereon; (ii) the grant of the first priority right to receive payment from Mudanjiang BD Power in respect of the subject construction project under the Contract; (iii) damages in the sum of approximately RMB13,300,000 for alleged termination of the Contract; and (iv) the legal fees arising from the action. The Company has been seeking legal advice in respect of the Writ on the dispute in the payment for the Contract since December 2012. According to the management of Mudanjiang BD Power, the construction work had been slowed down because the financial resources available for the project development were tied up by unfavourable business operations since 2009.

On 25 October 2018, the Heilongjiang High Court had adjudged that Mudanjiang BD Power was liable to compensate the Plaintiff for approximately RMB36,700,000 with interest. Upon the end of the six months period ended 31 December 2020, Mudanjiang BD Power was negotiating with the Plaintiff to continue the construction of the coal-powered electricity generating facilities. Once the performance of the Contract is resumed under the mutual agreement between Mudanjiang BD Power and the Plaintiff, part of the damages granted may be absorbed in the cost of construction.

The management has made sufficient provision for the legal action and believes that a favorable settlement could be reached with the Plaintiff.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on 31 December 2020, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, and term loans, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

3. MATERIAL ADVERSE CHANGE

The Directors confirm that they are not aware of any material adverse change in the financial or trading position of the Group since 30 June 2020, being the date to which the latest published audited accounts of the Group were made, up to and including the Latest Practicable Date.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and also the estimated net proceeds from the Disposal, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in the Latest Annual Report (please refer to pages 156 to 158 in particular).

As disclosed in the Latest Annual Report, following the outbreak of COVID-19 since January 2020, the economy of the PRC had been negatively impacted. The Group suffered from this and as a result, recorded a loss of approximately HK\$385 million during the year ended 30 June 2020. The production capacity of the coal-related chemical production division during the year ended 30 June 2020 has still not yet been fully utilised, which incurred idle operating costs.

During the year ended 30 June 2020, revenue of the Group amounted to approximately HK\$194 million (2019: approximately HK\$323 million), representing a decrease of approximately 40% compared with that of the last financial year. Loss attributable to the owners of the Company amounted to approximately HK\$296 million (2019: approximately HK\$667 million), representing a decrease of 56% compared with that of the last financial year.

The decrease in the Group's revenue was mainly derived from the decrease in revenue of the calcium carbide segment and the decrease in the number of construction projects in relation to the construction services division.

The Group's selling and distribution costs for the year ended 30 June 2020 were approximately HK\$15 million (2019: approximately HK\$20 million), representing a decrease of approximately 25% compared with that of the last financial year. The decrease in selling and distribution costs was mainly due to the temporary closure of fee collection stations of the heat and power division as a result of the outbreak of COVID-19 during the year ended 30 June 2020.

The Group's administrative expenses for the year ended 30 June 2020 were approximately HK\$100 million (2019: approximately HK\$163 million), representing a decrease of approximately 39% compared with that of the last financial year. The decrease in administrative expenses was mainly due to the scale down in the coal-related chemical production division during the year ended 30 June 2020.

The Group's other operating expenses for the year ended 30 June 2020 were approximately HK\$96 million (2019: approximately HK\$75 million), representing an increase of approximately 28% compared with that of the last financial year. The increase in other operating expenses was due to the suspension of the plant and equipment of the Vendor during the year ended 30 June 2020.

During the year ended 30 June 2020, the Group financed its operations and business development with internally generated resources and non-equity funding.

As at 30 June 2020, the Group had total assets of approximately HK\$1,997 million (2019: approximately HK\$2,267 million), which were financed by current liabilities of approximately HK\$394 million (2019: approximately HK\$277 million), non-current liabilities of approximately HK\$1,173 million (2019: approximately HK\$1,125 million), non-controlling interests of approximately HK\$54 million (2019: approximately HK\$64 million) and shareholders' equity of approximately HK\$375 million (2019: approximately HK\$801 million).

As at 30 June 2020, the current assets of the Group amounted to approximately HK\$174 million (2019: approximately HK\$252 million), comprising inventories of approximately HK\$8 million (2019: approximately HK\$40 million), trade receivables of approximately HK\$27 million (2019: approximately HK\$43 million), prepayments, deposits and other receivables of approximately HK\$130 million (2019: approximately HK\$161 million), financial assets at fair value through profit or loss of approximately HK\$1 million (2019: approximately HK\$1 million), cash and cash equivalents of approximately HK\$8 million (2019: approximately HK\$7 million). As at 30 June 2020, the Group's current ratio (current assets/current liabilities), quick ratio ((current assets – inventory)/current liabilities), gearing ratio (total debts/total assets) and debts to equity ratio (total debts/shareholders' equity) of the Group were approximately 0.4 (2019: approximately 0.9), approximately 0.4 (2019: approximately 0.8), approximately 79% (2019: approximately 62%) and approximately 418% (2019: approximately 175%), respectively. The higher gearing ratio was mainly attributable to the depreciation in the plant and equipment of the Vendor and Jinyang Engineering's suspension of its construction services, whilst the total debts of the Group remained stable. Throughout the year ended 30 June 2020, the management had taken several measures to improve the liquidity position and financial position of the Group.

Although the Group was in a net current liabilities position as at 30 June 2020, the management has closely monitored the Group's liquidity position and has taken appropriate measures to ensure it had sufficient resources to meet its financial obligations.

Heat and power division

During the year ended 30 June 2020, although the Group's residential heat supplying area did not increase by 500,000 sq. m. as expected, this business division was not severally impacted by COVID-19 and the residential heat supplying area was maintained at 4,000,000 sq. m. The Group will aim to continue expanding its residential heat supplying area in the future, and believes that the heat and power division will continue to be the growth driver of the Group.

Coal-related chemical production division

During the year ended 30 June 2020, the Group had planned to transform the plant and equipment of the Vendor in Heihe, Heilongjiang Province, from calcium carbide into another product – high carbon ferromanganese. However, as the Heilongjiang province had been seriously affected by COVID-19 in the past few months, most of the construction work in the area had been suspended, leading to the schedule of the transformation being postponed. The Group believes that the transformation of the plant and equipment of the Vendor will resume in 2021, and will benefit the Group.

Construction services division

Due to the COVID-19, Jinyang Engineering had suspended all its construction services during the first half of 2020. As agreed between Jinyang Engineering and its subcontractors, the construction period for the heat exchange stations and facilities and pipelines networks will be extended, and without additional costs incurred by the Group. The Group will closely monitor the situation and minimize the impact by the COVID-19 as much as possible.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from Ample Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2020 of the property interests of the Company.



Room 902, 9/F
Far East Consortium Building
121 Des Voeux Road Central, Hong Kong
Tel. no.: (852) 3752 2218
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25 February 2021

The Board of Directors
Xinyang Maojian Group Limited
Room 4007, 40/F, China Resources Building
26 Harbour Road, Wanchai, Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions for us to value various properties in which Xinyang Maojian Group Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) have interests in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 December 2020 (the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

In valuing the property interests, we have adopted depreciated replacement cost approach by a combination of the open market value of land portions and depreciated replacement cost of the buildings and structures standing on the land. Hence, the sum of the two results represents the value of the properties as a whole. In the valuation of the land portions, reference has been made to the comparables sales transactions as available in the subject localities.

As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar buildings and structures in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnished the most reliable indication of value for the property in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards published by The Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, Join & High Law Office (天津四方君滙律師事務所), concerning the validity of the Group's title to the property interests located in the PRC.

All legal documents provided by the Company have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the property was carried out on 3 September 2019 by Mr. Liang Zhipeng (BBA (Acc)), who has over 5 years' experience in property valuation.

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation is limited to the client to whom this valuation is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

The Novel Coronavirus Disease (COVID-19) has impacted on the global financial markets and the real estate market is being impacted by prevailing uncertainty. Many countries have implemented travel restrictions. Our valuation is reported on the basis of material valuation uncertainty. We cannot predict the progress of COVID-19 and its impact on the real estate market. The market condition may change significantly over a relatively short period of time. There may be material difference between our estimation of market value based on the current market and actual transaction price of the property. Given the uncertain impact of COVID-19 on the market, the valuation of the property is recommended to have under frequent review.

EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this valuation are in Renminbi (RMB).

“Property Particulars and Opinion of Value” are herewith attached.

Yours faithfully,
For and on behalf of
Ample Appraisal Limited
Ian K. F. Ng

MHKIS
General Manager – Real Estate

Note: Mr. Ian K. F. Ng is a General Practice Surveyor with over 10 years’ experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests held and occupied by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 31 December 2020
Land (portions of Lot nos. Da Xing – 185 and 186) and buildings located at the southern side of Wei Wu Road, Southwest Industrial Zone, Cooperation District (now known as Ergonghe Russian Power Processing Zone), Heihe City, Heilongjiang Province, the PRC (位於中國黑龍江省黑河市合作區西南工業區(現稱二公河俄電加工區緯五路南側之土地)(地號：大型-185和186部分)和房屋)	<p>The property comprises two adjoining parcels of land with a total area of approximately 215,764 sq. m. erected thereon 12 single to 4-storey industrial buildings, a 3-storey office building, a 4-storey dormitory building, a 3-storey canteen building and ancillary structures completed in 2016.</p> <p>The total gross floor area of the buildings is approximately 34,827.88 sq. m.</p> <p>The ancillary structures mainly include boundary wall, roads, football court, water tanks, sheds and gates.</p> <p>The land use rights of the property were granted for a term expiring on 18 September 2059 for industrial use.</p>	The property is currently occupied by the Company for industrial purpose.	RMB45,300,000 (Renminbi Forty Five Million Three Hundred Thousand)

Notes:

- Pursuant to a Stated-owned Land Use Certificate – Heihe City Guo Yong (2010) Di Da Xing – No.185 (黑河市國用(2010)第大型 – 185號) issued by Heihe City Bureau of Land and Resources (黑河市國土資源局), the land use rights of a parcel of land with an area of approximately 363,196 sq. m., which the property forms a portion, were granted to Heihe Longjiang Chemical Limited (黑河龍江化工有限公司) for a term expiring on 18 September 2059 for industrial use.
- Pursuant to an Immovable Property Right Certificate – Hei (2020) Heihe City Bu Dong Chan Quan Di No. 0003551 (黑(2020)黑河市不動產權第0003551號) issued by Heihe City Bureau of Natural Resources (黑河市自然資源局), the land use rights of a parcel of land with an area of approximately 255,215 sq. m., which the property forms a portion, were granted to Heihe Longjiang Chemical Limited for a term expiring on 18 September 2059 for industrial use.
- We have attributed no commercial value to the buildings with a total gross floor area of approximately 34,827.88 sq. m. as the building ownership certificates have not yet obtained. For reference purpose, we are of the opinion that the depreciated replacement cost (excluding the land value) of these buildings in their existing states, assuming that the relevant building ownership certificates have been obtained and the buildings are freely disposed of in the market, as at the Valuation Date, would be RMB108,400,000.
- Heihe Longjiang Chemical Limited is indirectly owned as to 90% by the Company.

- (5) The major certificates and permits of the property are summarized as follows:
- (i) State-owned Land Use Rights Certificate Yes
 - (ii) Building Ownership Certificate No
- (6) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:
- (i) Heihe Longjiang Chemical Limited legally owns the land use rights of the property; and
 - (ii) The property is not subject to any mortgage.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

Interests in the Shares of the Company (Long Position):

Name of Director	Capacity	Number of the Shares held	Approximate percentage of issued capital of the Company
Ms. Chan Yuk Foebe	Beneficial owner	2,860,000	0.19%
Mr. Law Tze Ping Eric	Beneficial owner	1,400,000	0.09%

Interests in share options of the Company:

Name of Director	Date of grant	Exercise period	Exercise price per Share	Balance at the Latest Practicable Date
Ms. Chan Yuk Foebe	03.11.2020	03.11.2020 – 02.11.2023	HK\$0.38	13,000,000

Name of Director	Date of grant	Exercise period	Exercise price per Share	Balance at the Latest Practicable Date
Mr. Law Tze Ping Eric	03.11.2020	03.11.2020 – 02.11.2023	HK\$0.38	13,000,000
Mr. Yu Defa	03.11.2020	03.11.2020 – 02.11.2023	HK\$0.38	13,000,000
Mr. Ma Wing Yun Bryan	03.11.2020	03.11.2020 – 02.11.2023	HK\$0.38	8,500,000
Mr. Tam Ching Ho	03.11.2020	03.11.2020 – 02.11.2023	HK\$0.38	8,500,000
Mr. Hau Chi Kit	03.11.2020	03.11.2020 – 02.11.2023	HK\$0.38	8,500,000

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executives of the Company and their respective associates had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or proposed Director was a director or employee of a company which had any interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the interests of substantial shareholders (as defined in the Listing Rules) in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Position in Shares:

Name	Capacity	Number of Shares held	Approximate percentage of issued capital of the Company
Mr. Chan Yuen Tung	Beneficial owner	382,000,000	25.63%
Mr. Sze Ching Lau	Beneficial owner	89,000,000	5.97%
Mr. Cha Jung Hoon	Beneficial owner	74,760,000	5.02%

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, Mr. Chan Yuen Tung (other than Directors or chief executives of the Company) was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group. Save as disclosed herein, there is no person known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT AND ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in the assets which had been, since 30 June 2020, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business apart from the Group's business that competes or is likely to compete (either directly or indirectly) with the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contract or proposed service contract with any member of the Group which is not expiring or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Company and its subsidiaries) have been entered into by members of the Company and its subsidiaries within the two years immediately preceding the date of this circular:

- (a) a cooperation framework agreement dated 20 January 2019 entered into between the Company and Xinyang Maojian Investment Development Company Limited* (信陽毛尖投資發展有限公司), pursuant to which a cooperative partnership would be established, collaborating in areas such as the economic development of Xinyang via the capital market, details of which are set out in the voluntary announcement of the Company dated 22 January 2019;
- (b) an agreement dated 18 November 2019 entered into between the Company and the Xinyang Maojian Holdings Co. Ltd.* (信陽毛尖控股有限公司) pursuant to which the parties have agreed to enter into a further agreement in which the Company would acquire and the Xinyang Maojian Holdings Co. Ltd.* (信陽毛尖控股有限公司) would sell some or all of its assets, include, among other things, (i) production place advantageous to Xinyang tea, (ii) multiple well-known trademarks and brands of tea products, (iii) interests in the Xinyang International Tea City* (信陽國際茶城), and (iv) interests in the Luyu Tea Culture Park* (陸羽文化園) and the Tea Industrial Park* (茶工業園), details of which are set out in the voluntary announcement of the Company dated 18 November 2019;
- (c) a strategic investment framework agreement dated 13 February 2020 between the Company and SB Green Investment Fund Limited, pursuant to which SB Green Investment Fund Limited agrees to cooperate with the Company and commits to make strategic investments in the Company to support the Company's development of new economic businesses that meet the requirements of green sustainable development,

subject to compliance with the Hong Kong capital market regulations and certain conditions, details of which are set out in the announcement of the Company dated 13 February 2020;

- (d) an equity transfer agreement dated 4 September 2020 entered into between Mudanjiang Longtuo and Mr. Lv regarding the disposal of 40% of the equity interest of Mudanjiang Better-Day, details of which are set out in the announcement of the Company dated 4 September 2020; and
- (e) the Agreement.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance were pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following is the qualifications of the experts who have given opinions or advice, which is contained in this circular:

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountants
Ample Appraisal Limited	Independent qualified valuer

As at the Latest Practicable Date, each of the above experts:

- (i) had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which they appear;
- (ii) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; or
- (iii) did not have any interest, either directly or indirectly, in any assets which had been since 30 June 2020 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. GENERAL

- (a) The registered office of the Company is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda.
- (b) The place of business of the Company in Hong Kong is at Room 4007, 40/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- (c) The Hong Kong share registrar and transfer office of the Company is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Ma Kin Ling, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong during normal business hours on any Business Day from the Latest Practicable Date up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for each of the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- (c) the valuation report of the Lands prepared by Ample Appraisal Limited, the text of which is set out in Appendix II to this circular;
- (d) the written consent given by each of the experts referred to in the paragraph headed "Expert and Consent" in this appendix;
- (e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (f) this circular.

* *For identification purpose only*

NOTICE OF SGM



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of the shareholders of Xinyang Maojian Group Limited (the “Company”) will be held at Room 4007, 40/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, at 4:00 p.m. on Monday, 22 March 2021 for the purpose of considering and, if thought fit, passing (with or without modification) the following resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (A) the agreement (the “Agreement”) entered into on 28 December 2020 between Heihe Longjiang Chemical Limited* (黑河龍江化工有限公司) (the “Vendor”) as vendor and Heihe Longhe Investment Management Limited* (黑河龍合投資管理有限責任公司) (the “Purchaser”) as purchaser in relation to the disposal of the land use rights of (1) the land located at Russian Power Processing Zone, Ergonghe, Heihe, Heilongjiang province, the PRC (中國黑龍江省黑河二公河俄電加工區) with an aggregate area of approximately 95,213 sq. m. where the Vendor has erected structures (“Land A”) and (2) the land located at Russian Power Processing Zone, Ergonghe, Heihe, Heilongjiang province, the PRC (中國黑龍江省黑河二公河俄電加工區) with an aggregate area of approximately 120,551 sq. m. where the Vendor has erected structures (“Land B”), pursuant to which the Vendor has agreed to transfer the land use rights of Land A and Land B to the Purchaser at the transfer price of RMB156,440,000 (equivalent to approximately HK\$185,500,000), comprising of RMB139,440,000 with land compensation of RMB17,000,000; and

NOTICE OF SGM

(B) any one or more of the directors or the secretary of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents as he/she/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 25 February 2021

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

*Principal place of business in
Hong Kong:*
Room 4007, 40/F
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

Notes:

1. Unless otherwise defined in this notice or the context requires otherwise, terms defined in the Circular shall have the same meanings when used in this notice.
2. Members of the Company whose names appear on the register of members maintained by the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong at 4:30 p.m. on Wednesday, 17 March 2021 shall qualify for attending and voting at the SGM. The register of members of the Company will be closed from Thursday, 18 March 2021 to Monday, 22 March 2021 (both days inclusive), during which period no share transfer will be registered. In order to qualify to attend and vote on the proposed resolution set out in this notice, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch Share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Wednesday, 17 March 2021.
3. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies (if he is a holder of more than one share) to attend and vote on his behalf. A proxy needs not be a member of the Company.
4. The instrument appointing a proxy and the power of attorney or other, if any, under which it is signed, or a notarially certified copy of such power of attorney or other authorisation document(s), must be lodged with the Company's branch Share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof.
5. Completion and return of the proxy form will not preclude shareholders of the Company from attending and voting in person at the SGM, or any adjourned meeting, should they so wish.
6. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), all votes of shareholders at the SGM will be taken by poll except where the chairman of the SGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the matter prescribed under Rule 13.39(5) of the Listing Rules.

NOTICE OF SGM

As at the date hereof, the Board comprises Ms. Chan Yuk Foebe, Mr. Gao Ran, Mr. Law Tze Ping Eric, Mr. Yu Defa and Mr. Chen Lei as executive Directors and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit as independent non-executive Directors.

* *For identification purpose only*