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**Xinming China Holdings Limited**

**新明中國控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2699)**

## **CHANGE OF AUDITOR**

This announcement is published by Xinming China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that Ernst & Young Certified Public Accountants (“**Ernst & Young**”) has resigned as auditor of the Company with effect from 29 December 2020 due to the fact that the Company and Ernst & Young could not reach a consensus on the audit fee for the financial year ending 31 December 2020.

Ernst & Young has confirmed in its letter of resignation dated 28 December 2020, which was received by the Company on 29 December 2020, that there are no matters in addition to those mentioned above that need to be brought to the attention of holders of securities of the Company. The Board has confirmed that it is not aware of any matters that need to be brought to the attention of the holders of securities of the Company in connection with the above change and, other than the audit fee, there is no disagreement between the Company and Ernst & Young.

The Board would like to take this opportunity to express its sincere gratitude to Ernst & Young for its professional and quality services rendered to the Company during the past years.

The Board further announces that, with the recommendation from the audit committee of the Company, the Board has resolved to appoint Mazars CPA Limited (“**Mazars**”) as the new auditor of the Company with effect from 29 December 2020 to fill the casual vacancy following the resignation of Ernst & Young. Mazars shall hold office until the conclusion of the next annual general meeting of the Company pursuant to the articles of association of the Company.

According to Code Provision C.3.3 of Appendix 14 to the Listing Rules, the Audit Committee is responsible for performing, among others, the following duties:

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor;
- (b) to approve the remuneration and terms of engagement of the external auditor; and
- (c) to address any issues related to the resignation or removal of the auditor (if any).

In respect of the resignation of Ernst & Young and the appointment of Mazars the Audit Committee has:

1. discussed and dealt with issues regarding the reasons for Ernst & Young's resignation as the Company's auditor;
2. obtained fee quotations from Mazars and other professional accounting firms;
3. reviewed the draft terms of engagement of Mazars; and
4. conducted a review of the background and suitability of Mazars, including its independence, qualifications and industry experience.

On the basis of the above works, the Audit Committee has passed a resolution on 29 December 2020 to recommend to the Board the appointment of Mazars as the new auditor of the Company to fill the vacancy created by the resignation of Ernst & Young and to hold office until the next annual general meeting of the Company after taking into consideration, *inter alia*, its fee quotation and its independence, qualifications and industry experience.

The Board has unanimously agreed to adopt the recommendations of the Audit Committee and a board resolution has been passed on 29 December 2020 to appoint Mazars as the Company's new auditor to fill the vacancy created by the resignation of the Ernst & Young until the end of the next annual general meeting of the Company.

By order of the Board  
**Xinming China Holdings Limited**  
**Chen Chengshou**  
*Chairman and Chief Executive Officer*

Hong Kong, 29 December 2020

*As at the date of this announcement, the executive Directors are Mr. Chen Chengshou, Mr. Feng Cizhao and Mr. Pu Wei; the non-executive Directors are Ms. Gao Qiaoqin and Mr. Chou Chiu Ho; and the independent non-executive Directors are Mr. Fong Wo, Felix, Mr. Gu Jiong and Mr. Lo Wa Kei, Roy.*

*If there is any discrepancy between the English version and the Chinese translation, the English version shall prevail.*