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信基沙溪集团股份有限公司
XINJI SHAXI GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3603)

PROFIT WARNING

This announcement is made by Xinji Shaxi Group Co., Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on a preliminary review of the Group's unaudited consolidated management accounts for the six months ended 30 June 2020 (the "**Interim Period**"), it is expected that the net profit attributable to the Shareholders for the Interim Period is likely to decrease by not less than RMB25.0 million but not more than RMB35.0 million as compared to the net profit attributable to the Shareholders of approximately RMB47.3 million in the corresponding period in 2019.

The Board considers that such expected decrease is primarily attributable to the decrease in the fair value gains on investment properties held by the Group which is expected to be not more than RMB50.0 million as compared to an increase in the fair value gains of such properties of approximately RMB2.8 million in the corresponding period in 2019, mainly as a result of the adjustment made in the valuation of the two shopping malls in Shenyang, the PRC due to the overall decrease in demand in the market caused by the COVID-19 pandemic in the first half of 2020.

Notwithstanding the above, the decrease in the fair value gains of investment properties is a non-cash item. The investment properties held by the Group are for leasing purposes and the rental income of the Group had no significant change in the Interim Period as compared to the corresponding period in 2019.

The Company is still in the process of finalising the financial results of the Group for the Interim Period. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the Group's unaudited management accounts for the Interim Period and information currently available to the Company, which have not been reviewed or audited by the Company's auditor and may be subject to changes. Shareholders and potential investors are advised to read carefully the interim results announcement of the Group for the Interim Period which is expected to be published by the end of August 2020.

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

By order of the Board
Xinji Shaxi Group Co., Ltd
Cheung Hon Chuen
Chairman

Guangzhou, the PRC, 7 August 2020

As at the date of this announcement, the Board comprises Mr. Cheung Hon Chuen as chairman and executive Director; Mr. Mei Zuoting, Mr. Zhang Weixin and Ms. Jin Chunyan as executive Directors; Mr. Yu Xuecong, Mr. Wu Jianxun and Mr. Lin Lie as non-executive Directors; and Dr. Liu Eping, Mr. Chen Tusheng, Mr. Tan Michael Zhen Shan and Mr. Zheng Decheng as independent non-executive Directors.