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Xiezhong International Holdings Limited

協眾國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3663)

MAJOR TRANSACTION DISPOSAL OF LAND AND PROPERTIES IN RELATION TO LAND RESUMPTION

THE LAND RESUMPTION

On 8 May 2020 and 10 August 2020, Xiezhong Nanjing, a wholly-owned subsidiary of the Company entered into the Land Resumption Agreement and the Supplemental Agreement, respectively, with Jiangning Management Committee, pursuant to which, Jiangning Management Committee will resume, and Xiezhong Nanjing will surrender, the Resumed Land, Buildings and Fixtures in consideration of an aggregate compensation of RMB412,581,717 payable by Jiangning Management Committee to Xiezhong Nanjing.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Land Resumption exceeds 25% but is less than 75%, the Land Resumption constitutes a major transaction for the Company and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As such, the failure by the Company to comply with the reporting, announcement, circular and Shareholders' approval requirements in respect of the Land Resumption constitutes a non-compliance with Chapter 14 of the Listing Rules. Such delay in disclosure and other compliance matters under Chapter 14 of the Listing Rules is due to the unintentional and inadvertent oversight of the Company. The Company has taken proactive actions to comply with the Listing Rules by way of publishing this announcement and seeking the Shareholders' approval and ratification. The Land Resumption will be put forward to the EGM for approval and ratification by all the Shareholders.

The Company and the Board apologise for any inconvenience caused to the Shareholders and investors of the Company due to the non-compliance. Going forward, the Company will closely monitor the effectiveness and efficiency of its compliance system and the relevant corporate governance measures so as to prevent the future occurrence of any similar incidents. The Board will urge the management and employees, including those in the subsidiaries, to strengthen communication with the Board and raise their awareness to the Listing Rules requirements, so as to prevent similar incidents from happening again. Further remediation actions are detailed in the section headed “Remedial actions taken or to be taken” of this announcement.

GENERAL

A circular containing, among others, (i) further information in relation to the Land Resumption Agreement, the Supplemental Agreement and the Land Resumption contemplated thereunder; (ii) an independent valuation report in relation to the Resumed Land, Buildings and Fixtures; and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders in accordance with the Listing Rules.

I. THE LAND RESUMPTION

The Board announces that, on 8 May 2020 and 10 August 2020, Xiezhong Nanjing, a wholly-owned subsidiary of the Company entered into the Land Resumption Agreement and the Supplemental Agreement, respectively, with Jiangning Management Committee, pursuant to which, Jiangning Management Committee will resume, and Xiezhong Nanjing will surrender, the Resumed Land, Buildings and Fixtures in consideration of an aggregate compensation of RMB412,581,717 payable by Jiangning Management Committee to Xiezhong Nanjing.

The Land Resumption Agreement

Date: 8 May 2020

Parties: (1) Xiezhong Nanjing
(2) Jiangning Management Committee

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Jiangning Management Committee and its ultimate beneficial owner(s), if any, is an Independent Third Party.

Pursuant to the Land Resumption Agreement, Jiangning Management Committee will resume, and Xiezhong Nanjing will surrender, the Resumed Land, Buildings and Fixtures in consideration of a compensation of RMB240,051,317 payable by the Jiangning Management Committee to Xiezhong Nanjing, which is subject to a further compensation of the amount of losses to be incurred by Xiezhong Nanjing for its production and business suspension attributable to the Land Resumption and plant relocation (the “**Loss for Business Suspension**”), which shall be determined according to a separate valuation.

The Supplemental Agreement

Date: 10 August 2020

Parties: (1) Xiezhong Nanjing
(2) Jiangning Management Committee

Xiezhong Nanjing and Jiangning Management Committee entered into the Supplemental Agreement to the Land Resumption Agreement, pursuant to which Xiezhong Nanjing will be entitled to receive further compensation from the Jiangning Management Committee for the Loss for Business Suspension which is determined by a separate valuation to be in an amount of RMB172,530,400.

Assets to be resumed

Pursuant to the Land Resumption Agreement and the Supplemental Agreement, Jiangning Management Committee will resume, and Xiezhong Nanjing will surrender the Resumed Land, Buildings and Fixtures, particulars of which are set out below:

Address: No. 389 Ke Ning Road, Ke Xue Yuan, Jiangning District, Nanjing, the PRC

Assets subject to the Land Resumption: (i) The land use right to the land located at No. 389 Ke Ning Road, Ke Xue Yuan, Jiangning District, Nanjing, the PRC (the “**Land**”); (ii) the buildings erected on the Land; and (iii) the fixtures of the Company erected on the Land, including structures, attachments and machinery (i.e., the Resumed Land, Buildings and Fixtures)

Land area of the Land: 53,081.07 sq. m.

Gross floor area of the buildings erected on the Land: 39,705.51 sq. m.

Current land use: Industrial

As at the date of this announcement, the Group owns an aggregate land area of approximately 60,133.90 sq. m. at No. 389 Ke Ning Road, Ke Xue Yuan, Jiangning District, Nanjing, the PRC, comprising the Land and the remaining land area being the research and development centre of Xiezhong Nanjing, which is not subject to resumption under the Land Resumption. The Land has been approved for industrial use and is used primarily as part of the Group's production plant and offices for its business operation and as a principal place of business of the Company in the PRC. The production plant on the Land have an annual production capacity of 1.5 million sets of automotive heating, ventilation and air-conditioning ("HVAC") systems and mainly serves the customers of the Group located in Nanjing, Jilin, Beijing, Shandong, Jiangsu, Zhejiang, Anhui, Hunan, Hubei, Sichuan and Guangdong of the PRC.

Compensation and Payment Terms

Pursuant to the Land Resumption Agreement, the compensation payable to Xiezhong Nanjing for the Land Resumption amounts to RMB240,051,317, which shall be payable in cash by Jiangning Management Committee to Xiezhong Nanjing in the following manner and timeline:

- (1) a sum of RMB150,000,000 shall be paid by Jiangning Management Committee to Xiezhong Nanjing within 30 days after entering into the Land Resumption Agreement;
- (2) a further sum of RMB50,000,000 shall be paid by Jiangning Management Committee to Xiezhong Nanjing within 120 days after entering into the Land Resumption Agreement, and upon, among others, (i) the handover of all the documents required in applying for the cancellation of the relevant original ownership certificates (the "**Documents Handover**"), and (ii) the deregistration of ownerships of the land and buildings of the Resumed Land, Buildings and Fixtures by Xiezhong Nanjing (the "**Deregistration**"); and
- (3) the remaining balance (including the balance of the compensation for the Loss for Business Suspension) shall be paid by Jiangning Management Committee to Xiezhong Nanjing within 10 days after the expiration of one month upon the possession by Jiangning Management Committee of the Resumed Land, Buildings and Fixtures and there being no defects or issues identified during the one-month period.

As at the date of this announcement, (i) the amount of compensation received by Xiezhong Nanjing is RMB150,000,000, which represents the sum payable by Jiangning Management Committee to Xiezhong Nanjing under item (1) above; and (ii) Xiezhong Nanjing has completed the Documents Handover whilst the Deregistration is expected to be completed by November 2020, and it is expected that the sum payable by Jiangning Management Committee to Xiezhong Nanjing under item (2) above will be settled following the completion of the Deregistration.

Pursuant to the Supplemental Agreement, the compensation payable to Xiezhong Nanjing for Loss for Business Suspension is determined to be RMB172,530,400, which shall be payable in cash by Jiangning Management Committee to Xiezhong Nanjing in the following manner and timeline:

- (1) a sum of RMB60,000,000 shall be paid by Jiangning Management Committee to Xiezhong Nanjing within one month after entering into the Supplemental Agreement;
- (2) a further sum of RMB60,000,000 shall be paid by Jiangning Management Committee to Xiezhong Nanjing within three months after entering into the Supplemental Agreement; and
- (3) the remaining balance shall be paid by Jiangning Management Committee to Xiezhong Nanjing within one month after Xiezhong Nanjing vacating from the Land.

As at the date of this announcement, no compensation for Loss for Business Suspension has been received by Xiezhong Nanjing. It is expected that the sum payable by Jiangning Management Committee to Xiezhong Nanjing under item (1) above will be settled by November 2020.

The amount of compensation for the Land Resumption was agreed following arm's length negotiations held between Jiangning Management Committee and Xiezhong Nanjing, taking into account an assessment conducted by a land resumption consultant (the "**Land Resumption Consultant**") jointly appointed by Jiangning Management Committee and Xiezhong Nanjing of, inter alia, (i) the market value of the Resumed Land, Buildings and Fixtures, being RMB209,140,212 as at 9 July 2019 (i.e., the date of assessment); and (ii) the statutory compensation and reward for relocation, which were determined by the Land Resumption Consultant to be in the amount of RMB30,911,105.

The amount of compensation for the Loss for Business Suspension was also agreed following arm's length negotiations held between Jiangning Management Committee and Xiezhong Nanjing, and has made reference to the separate valuation conducted by the Land Resumption Consultant. The separate valuation has taken into account, among others, the historical financial performance of Xiezhong Nanjing and the standard duration of business suspension for an enterprise with similar floor area as a result of business relocation with reference to the applicable valuation guidance and rules in the PRC.

Taking into account (i) the basis of determining the compensation under the Land Resumption has made reference to the market value of the Resumed Land, Buildings and Fixtures; (ii) the estimated financial gain before tax under the Land Resumption as further particularised in the paragraph headed “Financial Effects of the Land Resumption and Proposed Use of Proceeds” in this announcement; and (iii) the fact that the business will be suspended for 15 to 30 days (as mentioned below) and the basis of determining the amount of compensation for the Loss for Business Suspension, the Directors concluded that the aggregate compensation receivable by the Group under the Land Resumption is in the interest of the Company and its Shareholders as a whole and is fair and reasonable.

Completion

Vacation of the Resumed Land, Buildings and Fixtures shall be completed before 10 April 2021.

II. THE RELOCATION

In September 2019, Xiezhong Nanjing acquired a new parcel of land in Nanjing Jiangning High-Tech Industrial Development Zone (南京江寧高新技術產業開發區) from Nanjing Bureau of Land and Resources Jiangning Branch* (南京市國土資源局江寧分局) at an aggregate consideration of approximately RMB43.2 million to build a new production plant for Xiezhong Nanjing. As at the date of this announcement, the consideration for the Land Acquisition has been settled by the internal resources of the Group.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Nanjing Bureau of Land and Resources Jiangning Branch* (南京市國土資源局江寧分局) and its ultimate beneficial owner(s), if any, is an Independent Third Party.

The new parcel of land has a land area of approximately 67,237.54 sq. m. and has been approved for industrial use. The new production plant will have a gross floor area of approximately 140,000 sq. m., and the construction of which will be in phases. The first phase of construction of the new production plant started in June 2020, which is currently in progress and is expected to be completed in February 2021, whereas the construction plan for the remaining part of the production plant will further be decided by the management of the Group in accordance with the business and operation strategies of the Group. It is expected that the first phase of the new production plant will have a gross floor area of approximately 70,000 sq. m. and an annual production capacity of approximately 2 million sets of automotive HVAC systems. As at the date of this announcement, all of the relevant material government approvals and permits have been obtained for the construction of the new production plant.

As at the date of this announcement, the Board expects that the relocation of the production plant of Xiezhong Nanjing from the Land to the new parcel of land will be completed by April 2021, during which the manufacturing of Xiezhong Nanjing may be suspended for about 15 to 30 days. The Group plans to reserve extra inventory starting from March 2021 to ensure sufficient supply for the continued sales during the suspension. The type and amount of extra inventory was estimated based on the purchase orders which are about to be due during the suspension.

It is currently estimated that, apart from the Land Acquisition, the sum of the costs and expenses for the construction of the new production plant and the costs and expenses for relocation (the “**Relocation Costs**”) to be in the range from RMB130 million to RMB150 million (the “**New Plant Costs and Expenses**”).

III. REASONS AND BENEFITS FOR THE LAND RESUMPTION

The Jiangning Management Committee has advised Xiezhong Nanjing that the Resumed Land, Buildings and Fixture is situated within parcels of land that are subject to resumption, following the Jiangning District Government’s policy on the change of land use within that parcels of land from industrial to residential and educational as well as the development of public infrastructure within such area.

To alleviate the financial impact on Xiezhong Nanjing, Jiangning Management Committee agreed to, among others, compensate Xiezhong Nanjing in an aggregate amount of RMB412,581,717 for the costs and expenses incurred in surrendering the Resumed Land, Buildings and Fixtures and the Loss for Business Suspension, which represents a considerable premium to the valuation of the Resumed Land, Buildings and Fixtures made by the Land Resumption Consultant. The Land Resumption also provides an opportunity to Xiezhong Nanjing to obtain funds to support the construction of a “smart” production plant, which is comprised of the concepts of “artificial intelligence, cost effective and eco-friendly” and thereby enabling the sustainable development of the Group’s business in the long run. The Directors believe that the relocation of the production plant of Xiezhong Nanjing to the development zone and the new production plant would allow the Group’s capacities for the production of the automotive HVAC systems be further enhanced and the Group’s productivity be further promoted.

The Directors are also of the view that both the Land Resumption and the relocation will not have a material adverse impact to the Group's operation and principal business activities due to the following reasons:

- (i) **Relocation schedule:** as at the date of this announcement, the new production plant has been in progress of construction, and it is expected that the relocation will be completed by April 2021 with the manufacturing of Xiezhong Nanjing be suspended for about 15 to 30 days;
- (ii) **Impact of the relocation:** in order to minimise the impact to the operation of the manufacturing of Xiezhong Nanjing, the Group plans to reserve extra inventory in advance before the relocation to ensure sufficient inventory for the continued sales during the period when the manufacturing of Xiezhong Nanjing is suspended. It is expected that the suspension will not have a material impact on the Group's continued operations; and
- (iii) **Compensation for the resumption and relocation:** the Company expects that the compensation received by the Company can cover the value of the Resumed Land, Buildings and Fixtures, as well as the estimated loss during the relocation.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Land Resumption Agreement, the Supplemental Agreement and the Land Resumption contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IV. FINANCIAL EFFECTS OF THE LAND RESUMPTION AND PROPOSED USE OF PROCEEDS

The net book value of the Resumed Land, Buildings and Fixtures was approximately RMB65,873,000 as at 31 December 2019 and RMB59,974,000 as at 30 September 2020 (which is approximately 16.0% and 14.5% of the total compensation to be paid by Jiangning Management Committee under the Land Resumption, respectively).

The Resumed Land, Buildings and Fixtures will be de-recognised from the books of the Group when the Group vacates from, and Jiangning Management Committee possesses, the Resumed Land, Buildings and Fixtures. The relevant equipment will be de-recognised from the books of the Group if it cannot be relocated to the new production plant or is damaged during the relocation process.

The unaudited net profit or loss (before and after taxation) attributable to the Resumed Land, Buildings and Fixtures for the financial years ended 31 December 2018 and 31 December 2019 are as follows:

	For the year ended 31 December 2018 (unaudited) RMB'000 (Note)	For the year ended 31 December 2019 (unaudited) RMB'000 (Note)
Profit/(Loss) before taxation	26,192	(211,771)
Profit/(Loss) after taxation	23,514	(186,244)

Note: These figures represent the net profit/(loss) (before and after taxation) of Xiezhong Nanjing, without taking into account amortisation of land area being the research and development centre, as Xiezhong Nanjing mainly carries out its operation and production on the Resumed Land, Buildings and Fixtures.

It is estimated that there would be a gain before tax of approximately RMB169,477,000 under the Land Resumption Agreement (which is estimated based on the compensation amount thereunder, less the net book value of the Resumed Land, Buildings and Fixtures as at 30 September 2020, the estimated Relocation Costs and other related expenses). Such estimated gain was arrived at as if the Land Resumption was completed on 30 September 2020 and has not taken into account of any PRC profits tax and other related tax expenses to be or may be charged. The actual gain under the Land Resumption Agreement will depend on the net book value of the Resumed Land, Buildings and Fixtures attributable to the Group as at the date of completion of the Land Resumption, the net book value of certain office and production equipment failed to be relocated and reused, damage or impairment to other assets (if any, office equipment, furniture, inventory etc.), and the actual costs and expenses to be incurred in connection with the Land Resumption, relocation of the production plant and offices, which are yet to be determined as at the date of this announcement. The compensation to be received under the Supplemental Agreement will be recognised as government grant in the consolidated financial statements in accordance with the accounting policy set out in the Company's annual report. The actual Loss for Business Suspension will be recognised in the cost of sales or relevant expenses when occurred.

The estimated net proceeds (i.e., the aggregate compensation receivable by the Group under the Land Resumption Agreement and Supplemental Agreement less professional fees and other expenses in relation thereto) arising from the Land Resumption will be of approximately RMB412.0 million.

The Company intends to apply the net proceeds from the compensation of the Land Resumption in the following manner:

- (i) firstly, to satisfy the New Plant Costs and Expenses and the relevant transaction costs and tax expenses; and
- (ii) the remainder of the net proceeds to be used for the Group's general working capital.

V. INFORMATION ON THE COMPANY, XIEZHONG NANJING AND JIANGNING MANAGEMENT COMMITTEE

The Company is an investment holding company which through its subsidiaries is principally engaged in the development, production and sales of automotive HVAC systems and a range of automotive HVAC components, provide technical testing and related services and operate 4S dealership stores in the PRC.

Xiezhong Nanjing is a wholly-owned subsidiary of the Company and engaged in the production and sale of automotive air-condition and rendering of services.

The Jiangning Management Committee is located in Jiangning District, Nanjing, the PRC, the local body entrusted by Jiangning District Government who is responsible for, among others, the implementation of the resumption of the Resumed Land, Buildings and Fixtures.

VI. LISTING RULES IMPLICATIONS

The Land Resumption

As one or more of the applicable percentage ratios for the Land Resumption exceeds 25% but is less than 75%, the Land Resumption constitutes a major transaction for the Company and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As such, the failure by the Company to comply with the reporting, announcement, circular and Shareholders' approval requirements in respect of the Land Resumption constitutes a non-compliance with Chapter 14 of the Listing Rules. Such delay in disclosure and other compliance matters under Chapter 14 of the Listing Rules is due to the unintentional and inadvertent oversight of the Company. The Company has taken proactive actions to comply with the Listing Rules by way of publishing this announcement and seeking the Shareholders' approval and ratification. The Land Resumption will be put forward to the EGM for approval and ratification by all the Shareholders.

The Company and the Board apologise for any inconvenience caused to the Shareholders and investors of the Company due to the non-compliance. Going forward, the Company will closely monitor the effectiveness and efficiency of its compliance system and the relevant corporate governance measures so as to prevent the future occurrence of any similar incidents. The Board will urge the management and employees, including those in the subsidiaries, to strengthen communication with the Board and raise their awareness to the Listing Rules requirements, so as to prevent similar incidents from happening again. Further remediation actions are detailed in the section headed “Remedial actions taken or to be taken” below.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their associates have any material interest in the Land Resumption, thus no Shareholder is required to abstain from voting if the Company were to convene a EGM for the approval of the Land Resumption at the material time.

The Land Acquisition

As the applicable percentage ratio(s) for the Land Acquisition does not exceed 5% as at the date of entering into the relevant agreement under the Land Acquisition, the entering into of the Land Acquisition is not subject to disclosure requirements under Chapter 14 of the Listing Rules.

VII. GENERAL

A circular containing, among others, (i) further information in relation to the Land Resumption Agreement, the Supplemental Agreement and the Land Resumption contemplated thereunder; (ii) an independent valuation report in relation to the Resumed Land, Buildings and Fixtures; and (iii) other information as required under the Listing Rules will be despatched to the Shareholders in accordance with the Listing Rules.

VIII. REMEDIAL ACTIONS TAKEN OR TO BE TAKEN

The Group is committed to take remedial actions to tighten its internal control procedures with a view to ensuring a thorough understanding and full compliance with the relevant requirements of the Listing Rules and preventing a recurrence of similar non-compliance events in the future. The following remedial measures have been taken or will be taken by the Group:

- (i) with immediate effect, all acquisition and/or disposal documents with value over RMB25 million to which any member of the Group is expressed as a party are required to be approved by the Board before they may be entered into and a notice regarding the approval procedure will be circulated to all senior management, accounting and financial personnel of the Group (including the legal

representatives and directors of all PRC subsidiaries) and a monthly checklist is required to be completed by the relevant handling staff to ensure compliance with the relevant procedures;

- (ii) training will be provided to the relevant handling staff in relation to the requirements under the Listing Rules, particularly those concerning notifiable transactions; and
- (iii) the Company has sought, and will seek legal advice from time to time as and when necessary.

The Board is of the view that as the improved internal controls cover the identification, monitoring and compliance aspects in relation to notifiable transactions, such improved internal controls are considered sufficient and adequate.

IX. DEFINITIONS

Unless the context otherwise requires, the following expression shall have the following meanings:

“Board”	the board of Directors
“Company”	Xiezhong International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 3663)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of, among others, considering and if thought fit, approving and ratifying the Land Resumption Agreement and the Supplemental Agreement and the Land Resumption contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, not a connected person of the Group
“Jiangning District Government”	the People’s Government of Jiangning District
“Jiangning Management Committee”	Nanjing Jiangning High and New Technology Industrial Development Zone Management Committee* (南京江寧高新技術產業開發區管理委員會), being the local body entrusted by Jiangning District Government to be responsible for, among others, the implementation of the resumption of the Resumed Land, Buildings and Fixtures
“Land Acquisition”	the acquisition of a new parcel of land in Nanjing Jiangning High-Tech Industrial Development Zone (南京江寧高新技術產業開發區) by Xiezhong Nanjing from Nanjing Bureau of Land and Resources Jiangning Branch* (南京市國土資源局江寧分局) in June 2019
“Land Resumption”	the resumption by Jiangning Management Committee, and the surrender by Xiezhong Nanjing of the Resumed Land, Buildings and Fixtures in consideration of an aggregate compensation of RMB412,581,717 payable by Jiangning Management Committee to Xiezhong Nanjing
“Land Resumption Agreement”	agreement entered into between Xiezhong Nanjing and Jiangning Management Committee dated 8 May 2020 in relation to the Land Resumption
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Resumed Land, Buildings and Fixtures”	(i) the land use right to the Land; (ii) the buildings erected on the Land; and (iii) the fixtures of the Company erected on the Land, including structures, attachments and machinery, which are intended to be resumed by Jiangning Management Committee pursuant to the Land Resumption Agreement and the Supplemental Agreement
“RMB”	Renminbi, the lawful currency in the People’s Republic of China

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	agreement entered into between Xiezhong Nanjing and Jiangning Management Committee dated 10 August 2020 in relation to the Loss for Business Suspension
“Xiezhong Nanjing”	Nanjing Xiezhong Auto-Airconditioner (Group) Co., Ltd.* (南京協眾汽車空調集團有限公司), a limited liability company established under the laws of the People’s Republic of China, which is a wholly-owned subsidiary of the Group
“%”	per cent

By order of the Board
Xiezhong International Holdings Limited
Chen Cunyou
Chairman

Hong Kong, 21 October 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Chen Cunyou, Mr. Ge Hongbing, Ms. Chen Xiaoting and Mr. Shen Jun; one non-executive Director, namely Mr. Guo Zhenjun; and two independent non-executive Directors, namely Mr. Cheung Man Sang and Mr. Zhang Shulin.

* for identification purpose only