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)

CLARIFICATION ANNOUNCEMENT IN RELATION TO PROFIT WARNING

References are made to (i) the announcement of Xinming China Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 10 February 2021 (the "**Profit Warning Announcement**") in relation to, among others, profit warning of the Company (the "**Profit Warning**") and (ii) the announcements of the Company dated 22 December 2020 and 21 January 2021 (the "**3.7 Announcements**") made pursuant to Rule 3.7 of the Code on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**"). Capitalised terms used in this announcement shall have the same meanings as those defined in the Rule 3.7 Announcements unless the context herein requires otherwise. This clarification announcement is published in accordance with Practice Note 2 of the Takeovers Code.

The Directors would like to clarify that the Profit Warning constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by the financial advisers and the accountants or auditors in accordance with Rule 10.4 of the Takeovers Code. As the Profit Warning was made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong), which require the Company to disclose any inside information as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements of Rule 10.4 of the Takeovers Code. Accordingly, the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code.

Pursuant to Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code, the reports from the Company's financial adviser and auditors or consultant accountants on the profit forecasts are required to be included in the next document to be sent to the Shareholders (the "**Shareholders' Document**"). As the annual results announcement of the Company for the year ended 31 December 2020 (the "**Annual Results**") is expected to be published in March 2021, it is expected that the Annual Results will be published prior to the despatch of the next Shareholders' Document. Accordingly, the requirement under Rule 10 of the Takeovers Code to report on the Profit Warning will be superseded by the publication of the Annual Results together with the notes to the financial statements.

Save for the clarification stated in this announcement, all information in the Profit Warning Announcement remains unchanged.

Shareholders and potential investors of the Company should note that the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the possible mandatory general offer for the securities of the Company and the possible SPA as referred to in the Rule 3.7 Announcements.

There is no assurance that the Receivership will result in a change of controlling shareholder and it may or may not lead to general offer under Rule 26.1 of the Takeovers Code for the securities of the Company. Further, the discussions between BE City HK and Chance Talent and the Receivers may or may not result in a binding agreement and therefore the disposal of all or any of the Relevant Shares to BE City HK may or may not proceed or materialise, even if it materialises, it may or may not lead to a change in control of the Company. Shareholders and public investors should exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

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

Hong Kong, 17 February 2021

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.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

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