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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)

SUPPLEMENTAL ANNOUNCEMENT PROFIT WARNING

This announcement is published by Xinming China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s profit warning announcement dated 10 February 2021 and the clarification announcement in relation to profit warning dated 17 February 2021 in respect of the Group’s financial information for the year ended 31 December 2020 (collectively, the “**Profit Warning Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Profit Warning Announcements unless otherwise specified.

The Board wishes to update the Shareholders and potential investors of the Company that, based on the preliminary assessment of the latest unaudited consolidated management accounts of the Group and the latest information available to the Company, the Group is expected to record a loss attributable to owners of the Company for the year ended 31 December 2020 of an amount not more than RMB1.07 billion (the “**Updated Profit Warning**”). The increase in the amount of expected loss compared to the one previously stated in the Profit Warning Announcements is primarily attributable to an additional provision for the interest penalty of approximately RMB305 million in relation to certain in default borrowing for the year ended 31 December 2020. There is an additional provision because at the time of publishing the Profit Warning Announcements in February 2021, management was of the view that the Company would

be able to renew or extend the repayment of outstanding borrowings. However, as at the date of this supplemental announcement, the Company is still negotiating with the existing lenders with the aim of entering into formal agreements to revise and extend the current repayment schedule of in default borrowing.

The information contained in this supplemental announcement is only based on the preliminary assessment by the management of the Company with reference to the unaudited consolidated management accounts of the Company for the year ended 31 December 2020 and the information currently available, which have not been confirmed or reviewed by the auditor or the audit committee of the Company. Please note that the Company is still in the process of finalizing its annual results for the year ended 31 December 2020 and the results may be subject to further revision. Shareholders and potential investors are advised to carefully read the annual results announcement of the Group for the year ended 31 December 2020 (the “**Annual Results Announcement**”) for further details.

The Updated Profit Warning contained in this supplemental announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by the Company’s financial advisers and its accountants or auditors in accordance with Rule 10.4 of the Takeovers Code.

As this supplemental announcement 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, this supplemental announcement 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**”). The Annual Results Announcement is expected to be published on 31 March 2021 which 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 Updated Profit Warning will be superseded by the publication of the Annual Results Announcement together with the notes to the financial statements.

Shareholders and potential investors of the Company should note that this supplemental announcement 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 Updated 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, 26 March 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.