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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 year ended 31 December 2021 (the “**Year 2021**”), it is expected that the net loss attributable to the Shareholders for the Year 2021 recorded by the Group will be not less than RMB200.0 million but not more than RMB230.0 million as compared to the net profit attributable to the Shareholders of approximately RMB33.0 million in the corresponding year in 2020.

The Board considers that the above expected loss is primarily attributable to the decrease in the fair value gains on investment properties held by the Group, 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, which was caused by the continuous impact of pandemic in various regions on the market due to COVID variant Omicron as well as the effect of tightening policies on properties in the second half of 2021.

Notwithstanding the above, by eliminating the effects of certain one-off or non-recurring items including the changes in fair value of investment properties, government grants and income tax expenses in relation to above reconciled items, which the Board believes are not indicators for assessing the actual performance of the Group’s business, the Group’s core net profit⁽¹⁾ in 2021 is expected to decrease by not more than RMB3.0 million as compared to the core net profit⁽¹⁾ of RMB88.7 million in the corresponding period in 2020.

The Company is still in the process of finalising the results of the Group for the Year 2021. The information contained in this announcement is only the preliminary assessment made by the Company’s management based on information currently available to the Board (including the Group’s unaudited consolidated management accounts for the Year 2021), but not based on any data or information reviewed or audited by the Company’s auditor. The results of the Group for the Year 2021 are expected to be published by the end of March 2022.

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, 14 March 2022

As at the date of this announcement, the Board comprises Mr. Cheung Hon Chuen as chairman and executive Director; Mr. Mei Zuoting and Mr. Zhang Weixin as executive Directors; Mr. Yu Xuecong, Mr. Lin Lie and Ms. Wang Yixue as non-executive Directors; and Dr. Zeng Zhaowu, Mr. Tan Michael Zhen Shan and Mr. Zheng Decheng as independent non-executive Directors.

Note 1: This is a non-HKFRS measure.