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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)(a) 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 (the “**Board**”) of directors (the “**Director(s)**”) of the Company 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 2022 (the “**2022 Interim Period**”), it is expected that the net profit attributable to the Shareholders for the 2022 Interim Period recorded by the Group would be not less than RMB12.0 million but not more than RMB20.0 million as compared to the net profit attributable to the Shareholders of approximately RMB53.1 million (restated)* in the corresponding period in 2021.

The Board considers that the above expected decrease in the net profit attributable to the Shareholders 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 shopping malls due to the overall decrease in demand in the market, which was caused by the continuous impact of the pandemic in various regions on the market due to the Omicron variant of COVID-19.

Notwithstanding the above, the decrease in fair value gain of investment properties represents a non-cash item. For the 2022 Interim Period, the Group held investment properties for leasing purpose and there was no significant change in the Group’s leasing income compared to the corresponding period in 2021.

The Group’s overall operations, financial position and cash flow remained healthy. The Group will continue to promote cost reduction and efficiency enhancement measures as well as strengthen budget and cash flow control, striving to minimise the impact of the pandemic.

* *The figures have been restated due to the acquisitions of the entire registered capital of Guangzhou Xinji Youxiang Property Co., Ltd.[#] (廣州信基優享物業有限公司) and Foshan Xinji Youxiang Commercial Service Co., Ltd.[#] (佛山信基優享商業服務有限公司) by the Group, which is considered as business combination under common control.*

[#] *For identification purposes only*

The Company is still in the process of finalising the results of the Group for the 2022 Interim Period. 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 2022 Interim Period), and any data or information is still subject to review or audit by the Company's auditor. The interim results announcement of the Group for the 2022 Interim Period is expected to be published by the end of August 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, 15 August 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 Dr. Zheng Decheng as independent non-executive Directors.