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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 of Hong Kong Limited (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 2023 (the “**2023 Interim Period**”), it is expected that the loss attributable to the Shareholders for the 2023 Interim Period would be not less than RMB79.0 million but not more than RMB85.0 million as compared to the net profit attributable to the Shareholders of approximately RMB14.7 million in the corresponding period in 2022.

The Board considers that the above expected loss attributable to the Shareholders is primarily attributable to the increase in the fair value losses on investment properties held by the Group which mainly suffers from the adjustments made to the valuation of the Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城) resulting from the overall decreased demand in the market due to the shortened lease term and the lower occupancy rate as a result of the potential future redevelopment plan of Shaxi Village (沙溪村) located at Panyu District, Guangzhou City, the People’s Republic of China.

Notwithstanding the above, by eliminating the effects of certain one-off or non-recurring items including the changes in fair value of investment properties and income tax expenses in relation to above reconciled items, which the Board believes not indicators for assessing the actual performance of the Group’s business, the Group’s core net profit^(Note 1) in the first half of 2023 is expected to decrease by not more than RMB24.0 million as compared to the core net profit^(Note 1) of RMB58.4 million in the corresponding period in 2022.

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

The Company is still in the process of finalising the results of the Group for the 2023 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 2023 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 2023 Interim Period is expected to be published by the end of August 2023.

Shareholders and potential investors should 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, 10 August 2023

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.

Note 1: This measurement is based on non-Hong Kong Financial Reporting Standards.