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新明中国控股

XINMING CHINA

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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS HIGHLIGHTS

- Revenue of the Group amounted to approximately RMB78.7 million, representing a decrease of approximately 66.2% as compared to the same period of last year.
- Gross profit of the Group amounted to approximately RMB15.7 million, representing a decrease of approximately 56.2% as compared to the same period of last year.
- Loss attributable to the owners of the Company was approximately RMB334.9 million, representing an increase of approximately 33.2% in loss as compared to the same period of last year.
- Basic loss per share attributable to owners of the Company was approximately RMB0.178.
- The Board did not recommend the payment of interim dividend for the six months ended 30 June 2024.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Xinming China Holdings Limited (the “**Company**” or “**Xinming China**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), together with comparative figures for the corresponding period of 2023.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
REVENUE	4	78,696	233,001
Cost of sales		<u>(62,962)</u>	<u>(197,081)</u>
Gross profit		15,734	35,920
Other income and gains and losses	5	(4,498)	(4,122)
Selling and distribution costs		(1,652)	(2,383)
Administrative expenses		(8,333)	(19,236)
Other expenses		(294,155)	(226,506)
Changes in fair value of investment properties	11	(9,182)	(17,900)
Finance costs	6	<u>(35,307)</u>	<u>(36,374)</u>
LOSS BEFORE INCOME TAX	6	(337,393)	(270,601)
Income tax credit (expenses)	7	<u>(5,416)</u>	<u>(11,000)</u>
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(342,809)</u>	<u>(281,601)</u>
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(334,879)	(251,484)
Non-controlling interests		<u>(7,930)</u>	<u>(30,117)</u>
		<u>(342,809)</u>	<u>(281,601)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic (<i>RMB</i>)		<u>(0.178)</u>	<u>(0.134)</u>
Diluted (<i>RMB</i>)		<u>(0.178)</u>	<u>(0.134)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

			At 30 June 2024 <i>RMB'000</i> (Unaudited)		At 31 December 2023 <i>RMB'000</i> (Audited)
		<i>Notes</i>			
NON-CURRENT ASSETS					
Property, plant and equipment			661		684
Investment properties	11		909,018		918,200
Deferred tax assets			211,569		210,093
			1,121,248		1,128,977
CURRENT ASSETS					
Properties under development			395,267		441,699
Completed properties held for sale			514,024		601,487
Trade receivables	12		926		1,426
Prepayments, other receivables and other assets			35,513		40,233
Restricted deposits			520		520
Cash and cash equivalents			623		1,335
			946,873		1,086,700
CURRENT LIABILITIES					
Trade payables	13		479,446		483,698
Other payables and accruals			2,127,098		1,873,330
Contract liabilities			126,618		194,332
Interest-bearing bank and other borrowings	14		1,279,465		1,279,465
Tax payable			909,286		903,384
Convertible bonds	15		279,221		272,662
			5,201,134		5,006,871
NET CURRENT LIABILITIES			(4,254,261)		(3,920,171)
TOTAL ASSETS LESS CURRENT LIABILITIES			(3,133,013)		(2,791,194)
NON-CURRENT LIABILITIES					
Deferred tax liabilities			169,312		168,322
NET LIABILITIES			(3,302,325)		(2,959,516)

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
EQUITY		
Issued capital	14,880	14,880
Reserves	<u>(3,105,790)</u>	<u>(2,770,911)</u>
	(3,090,910)	(2,756,031)
Non-controlling interests	<u>(211,415)</u>	<u>(203,485)</u>
TOTAL DEFICITS	<u><u>(3,302,325)</u></u>	<u><u>(2,959,516)</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Xinming China Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 16 January 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands. In the opinion of the directors of the Company, the ultimate holding company is Xinxing Company Limited and the ultimate controlling shareholder is Mr. Chen Chengshou (the “**Controlling Shareholder**”). The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in investment holding, properties development and properties leasing.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (the “**Interim Financial Statements**”) have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “**Interim Financial Reporting**” issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements are presented in Renminbi (“**RMB**”) and all amounts are rounded to the nearest thousand (“**RMB’000**”) except when otherwise indicated.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2023 (the “**Annual Report**”).

The Interim Financial Statements have been prepared on historical cost basis except for investment properties and convertible bonds which are measured at fair value.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Report except for the adoption of the new/revised IFRSs, IASs and Interpretations which are relevant to the Group as detailed in note 2.2 below (hereinafter collectively referred to as the “**new/revised IFRSs**”) which are effective for current interim period.

Going Concern

The Group incurred a net loss of approximately RMB342,809,000 for the six months ended 30 June 2024. At 30 June 2024, the Group's current liabilities exceeded its current assets by approximately RMB4,254,261,000.

At 30 June 2024, borrowings with total principal amount of approximately HK\$1,279,465,000 and convertible bonds amounting to approximately RMB279,221,000 were overdue pursuant to the relevant borrowing agreements.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In this regard, the management of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and repay overdue interest to financial institutions, which include:

- (i) continuously negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests. The management has been continuously negotiating with the Group's existing lenders on the renewal of or extension for repayment of outstanding borrowings such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default, including those with cross-default terms and hope to extend the due date and the repayment schedules of the outstanding borrowings. As of the date of this announcement, other than the ongoing court auction in respect of certain properties held by Hangzhou Xinming, there is no other court proceedings relating to the outstanding borrowings of the Group.
- (ii) continuously negotiating with various financial institutions and potential lenders/investors to identify various opportunities for additionally financing the Group's working capital and commitments in the foreseeable future. As of the date of this announcement, the Company negotiated with current and other banks and financial institutions using the lands held by the Group as guarantees on the additional financing.
- (iii) accelerating the pre-sale and sale of properties under development and completed properties, such as Shandong Project and controlling costs and containing capital expenditure so as to generate adequate net cash inflows for the Group. The sale of the phase 3 of Shandong Project was completed. The pre-sale of the phase 4 of Shandong residential project has commenced since September 2023. Majority of the net proceeds from Shandong project has been and will be used for the repayment of the outstanding borrowing.
- (iv) actively procuring and formulating the preliminary terms with large property developer to sale individual property development project or whole commercial property at an appropriate price. The Company has been negotiating with certain potential purchaser regarding the sale of the whole Shanghai property development project. The management estimated that most of the net proceeds from the Shanghai Project will be used for the repayment of the outstanding borrowing. The sale of the Shanghai Project might constitute a transaction of the Company subject to announcement pursuant to Chapter 14 of the Listing Rules and subject to the relevant requirements under the Listing Rules.
- (v) actively accelerate the de-stocking of its properties. The Company sells the residential property in Shandong and the whole or portion of commercial properties in Taizhou, Hangzhou and Shanghai as a package, with a view to accelerating the recovery of working capital to improve its liability and financial gearing conditions.

Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

2.2 Adoption of new/revised IFRSs

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”) of the IASB, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The application of the new/revised IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property leasing segment engages in leasing out properties for their rental income potential and/or for capital appreciation; and
- (c) the others segment engages in investment holding.

The management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before income tax.

No analysis of the Group’s assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the six months ended 30 June 2024

	Property development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Others <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue				
Sales to external customers	<u>78,255</u>	<u>441</u>	<u>–</u>	<u>78,696</u>
Segment results				
	<u>(281,685)</u>	<u>(23,574)</u>	<u>(32,134)</u>	<u>(337,393)</u>
Loss before income tax				<u>(337,393)</u>
Other segment information				
Bank interest income	1	18	2	21
Changes in fair value of investment properties (loss)	–	(9,182)	–	(9,182)
Depreciation of property, plant and equipment	21	1	1	23
Finance costs	23,538	–	11,769	35,307
Interest penalties	144,945	–	52,476	197,421
Impairment of completed properties held for sale	18,100	–	–	18,100
Impairment of properties under development	<u>71,321</u>	<u>–</u>	<u>–</u>	<u>71,321</u>

For the six months ended 30 June 2023

	Property development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Others <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue				
Sales to external customers	230,883	2,118	–	233,001
Segment results				
	(211,377)	(23,111)	(36,113)	(270,601)
Loss before income tax				(270,601)
Other segment information				
Bank interest income	16	87	–	103
Depreciation of property, plant and equipment	4	–	3	7
Impairment of properties under development	50,308	–	–	50,308
Finance costs	34,825	–	1,549	36,374
Changes in fair value of investment properties (loss)	–	(17,900)	–	(17,900)
Impairment of completed properties held for sale	9,153	–	–	9,153
Interest penalties	118,072	–	39,357	157,429

Geographical information

Since the Group solely operates business in the PRC and almost all of the Group's non-current assets are located in the PRC, geographical segment information in accordance with IFRS 8 Operating Segments is not presented.

Information about major customers

None of the customers individually contributed 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023.

4. REVENUE

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within IFRS 15		
Sales of properties	78,255	230,883
Revenue from other sources		
Gross rental income from investment properties operating leases		
– other lease payments, including fixed payments	441	2,118
	78,696	233,001

(a) Disaggregated revenue information

In addition to the information shown in segment disclosures, the revenue from contracts with customers within IFRS 15 is disaggregated as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Geographical region:		
– The PRC	78,255	230,883
Timing of revenue recognition:		
– at a point in time	78,255	230,883
Type of transaction price:		
– fixed price	78,255	230,883

(b) Performance obligations

Information about the Group's performance obligations in respect of sales of properties is summarised below:

The performance obligation is satisfied when customers obtain the physical possession or the legal title of the completed properties and the Group has right to payment and the collection of the consideration is probable.

5. OTHER INCOME AND GAINS AND LOSSES

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income		
Bank interest income	21	103
Government grants	5	16
Others	134	150
	<u>160</u>	<u>269</u>
Gains and losses		
Exchange losses, net	(4,658)	(4,391)
	<u>(4,498)</u>	<u>(4,122)</u>

6. LOSS BEFORE INCOME TAX

This is stated after charging (crediting):

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance costs		
Interest on interest-bearing bank and other borrowings	39,528	47,643
Less: Interest capitalised	(4,221)	(11,269)
Total finance costs	<u>35,307</u>	<u>36,374</u>

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs (excluding directors' emoluments)		
Salaries, allowances and benefits-in-kind	3,123	5,311
Contribution to defined contribution plans	561	831
	<u>3,684</u>	<u>6,142</u>
Other items		
Cost of properties sold	64,848	195,481
Cost of leasing properties	1,886	1,600
Depreciation of property, plant and equipment	23	7
Impairment of properties under development (included in "other expenses")	71,321	50,308
Impairment of completed properties held for sale (<i>Note 10</i>)	18,100	9,153
Interest penalties (included in "other expenses")	197,421	157,429
Lease payments not included in the measurement of lease liabilities	168	211
	<u>168</u>	<u>211</u>

7. INCOME TAX

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	–	–
Land appreciation tax ("LAT")	5,902	14,711
	<u>5,902</u>	<u>14,711</u>
Deferred tax		
Origination and reversal of temporary differences	(486)	(3,711)
	<u>(486)</u>	<u>(3,711)</u>
Total income tax charge for the period	<u>5,416</u>	<u>11,000</u>

The Group is subject to income tax on an entity based on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group's entities incorporated in the Cayman Islands and the BVI are not subject to any income tax.

The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income arising in Hong Kong during both interim periods.

The Group's entities established in the PRC are subject to PRC Enterprise Income Tax at a statutory rate of 25%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

No provision for income tax had been made for the six months ended 30 June 2024 as the relevant Group's entities reported tax losses.

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interest on land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated and made tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

8. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

9. LOSS PER SHARE

For the six months ended 30 June 2024, the calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company amounting approximately RMB334,879,000 (30 June 2023: RMB251,484,000), and the weighted average number of ordinary shares of 1,878,622,000 (30 June 2023: 1,878,622,000) in issue. The diluted loss per share was same as basic loss per share as there was no potential ordinary shares outstanding for the periods ended 30 June 2024 and 2023.

10. IMPAIRMENT OF COMPLETED PROPERTIES HELD FOR SALE

The Group makes estimates of the selling prices, the costs of completion of completed properties held for sale, and the costs to be incurred in selling the properties based on prevailing market conditions. Based on the assessment, the net realisable value of one of the completed properties held for sale is lower than its carrying amount and impairment of approximately RMB18,100,000 (2023: RMB9,153,000) was recognised in profit or loss during the six months ended 30 June 2024.

11. INVESTMENT PROPERTIES

	<i>RMB'000</i>
At 1 January 2024 (audited)	918,200
Changes in fair value	<u>(9,182)</u>
At 30 June 2024 (unaudited)	<u><u>909,018</u></u>

The Group's investment properties consist of commercial properties completed in the PRC. The Group's investment properties were revalued on 30 June 2024 based on valuations performed by the director of the Company at approximately RMB909,018,000 (31 December 2023: RMB918,200,000).

At 30 June 2024, the Group's investment properties with aggregate values of RMB909,018,000 (31 December 2023: RMB918,200,000) were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 14).

12. TRADE RECEIVABLES

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables	30,634	28,734
Less: Allowance for impairment	<u>(29,708)</u>	<u>(27,308)</u>
	<u><u>926</u></u>	<u><u>1,426</u></u>

Trade receivables represent rentals receivable from tenants which are normally payable on demand and sales income receivables from customers which are payable in accordance with the terms of the related sales and purchase agreements.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, and net of loss allowance, is as follows:

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Within one year	<u>926</u>	<u>1,426</u>

An ageing analysis of the trade receivables by due date and net of loss allowance as at the end of the reporting period is as follows:

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Past due		
Within 1 year	<u>926</u>	<u>1,426</u>

13. TRADE PAYABLES

An ageing analysis of the outstanding trade payables at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Less than one year	12,341	131,593
Over one year	<u>467,105</u>	<u>352,105</u>
	<u>479,446</u>	<u>483,698</u>

The trade payables are unsecured and non-interest-bearing.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2024			At 31 December 2023		
	Effective interest rate %	Maturity	RMB'000 (Unaudited)	Effective interest rate %	Maturity	RMB'000 (Audited)
Current						
Current portion of long term bank and other borrowings	6.8–11.5	On demand or within one year	<u>1,279,465</u>	6.80–11.5	On demand or within one year	<u>1,279,465</u>
				At		At
				30 June	31 December	
				2024	2023	
				RMB'000	RMB'000	

Analysed into:

Bank and other borrowings repayable on demand or within one year

<u>1,279,465</u>	<u>1,279,465</u>
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At 30 June 2024, the Group's borrowings amounting approximately RMB1,279,465,000 (31 December 2023: RMB1,279,465,000) were overdue pursuant to the relevant agreement which constituted events of defaults.

In connection with the default and cross-default borrowings (if applicable), the Group was subject to a penalty of approximately RMB1,373,181,000 (31 December 2023: RMB1,175,760,000) which were included in other payables and accruals at 30 June 2024.

The Group's borrowings are secured by the pledges of the following assets at 30 June 2024 as follows:

- (i) At 30 June 2024, the Group's borrowings of approximately RMB239,606,216 (31 December 2023: RMB239,606,216) were secured by the 100% equity interest in 台州温商时代置业有限公司 (Taizhou Wenshang Times Property Limited*) ("Wenshang Times"), a subsidiary of the Company.

At 30 June 2024, the Group's borrowings of approximately RMB1,114,606,216 (31 December 2023: RMB1,114,606,216) were secured by the Group's investment properties with aggregate carrying values of approximately RMB909,018,000 (31 December 2023: RMB918,200,000).

- (ii) At 30 June 2024, the Group's borrowings of approximately RMB239,606,216 (31 December 2023: RMB239,606,216) were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, and (iii) a subsidiary of the Company.

At 30 June 2024, the Group's borrowings of approximately RMB824,464,545 (31 December 2023: RMB824,464,545) were jointly guaranteed by (i) the Controlling Shareholders, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, and (iii) a subsidiary of the Company.

At 30 June 2024, the Group's borrowings of approximately RMB455,000,000 (31 December 2023: RMB455,000,000) were jointly guaranteed by (i) the Controlling Shareholders, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited, a related party of the Group, and (iv) Miss Chen Xi and Mr. Chen Junshi, the daughter and the son of the Controlling Shareholder, Mr. Chen Chengshou and (v) a subsidiary of the Company.

* For identification purposes only

15. CONVERTIBLE BONDS

On 1 June 2018, the Company issued convertible bonds in the aggregate principal amount of HK\$300,000,000 (equivalent to approximately RMB256,115,000 (the “**Convertible Bonds**”) at the price of 100% of their principal amount. The Convertible Bonds are redeemable at the option of the bondholders at a price of HK\$1.39 per bond on 1 June 2020. The convertible bonds bear interest at the rate of 6.5% plus 1% handling fee per annum (the “**Coupon Rate**”) and are payable in arrears every six months.

The convertible bonds were jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, and the non-executive director, Ms. Gao Qiaoqin, pursuant to a deed of guarantee, and secured by Xinxing Company Limited by 940,000,000 shares of the Company held by Xinxing Company Limited, a company controlled by Mr. Chen Chengshou.

The Convertible Bonds were matured on 31 May 2020 and the outstanding principal amount was not yet settled up to 30 June 2024.

The Convertible Bonds were recognised as financial liabilities designated upon initial recognition at fair value through profit or loss.

	<i>RMB'000</i>
At 1 January 2024 (audited)	272,662
Exchange difference	6,559
	<hr/>
At 30 June 2024 (unaudited)	279,221
	<hr/> <hr/>

The Group’s Convertible Bonds were valued by management of the Group by using discounted cash flow method with the following key assumptions:

Discount rate	Coupon Rate
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Details of the fair value measurement are set out in note 16.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Financial liabilities				
Convertible bonds	<u>279,221</u>	<u>272,662</u>	<u>279,221</u>	<u>272,662</u>

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The convertible bonds were recognised as financial liabilities designated upon initial recognition as at fair value through profit or loss.

Fair value hierarchy

Liabilities measured at fair value

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Convertible bonds				
At 30 June 2024 (Unaudited)	–	–	279,221	279,221
At 31 December 2023 (Audited)	–	–	272,662	272,662

At 30 June 2024 and 31 December 2023

Liability	Fair value hierarchy	Valuation technique	Unobservable input	Relationship of unobservable inputs to fair value
Convertible bonds	Level 3	Discounted cash flow method	Discount rate	The higher the discount rate, the lower the fair value

During the six months ended 30 June 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

The details of the movements of the recurring fair value measurements categorised as Level 3 of the fair value hierarchy are as follows:

	Convertible bonds RMB'000
At 1 January 2024 (audited)	272,662
Exchange difference	6,559
At 30 June 2024 (unaudited)	279,221

MANAGEMENT DISCUSSION AND ANALYSIS

(Including financial review)

BUSINESS AND FINANCIAL OVERVIEW

During the Period, the Group recorded a total revenue of approximately RMB78.7 million, representing a decrease of approximately 66.2% from approximately RMB233.0 million of the same period of last year. The sales revenue and GFA of delivered properties were approximately RMB78.3 million and approximately 16,727 sq.m., respectively, representing a decrease of approximately 66.2% and 52.0%, respectively, as compared to the corresponding period of last year. The average selling price for the contracted commercial property sales was approximately RMB4,678 per sq.m., representing a decrease of approximately 29.4% compared with approximately RMB6,621 per sq.m. for the corresponding period of last year affected by the decrease in demand of commercial properties. The decrease in revenue is also due to the sales of Shandong Phases 2 and 3 residential projects mainly recognised as revenue for the corresponding period of last year.

Loss attributable to the owners of the Company for the Period amounted to approximately RMB334.9 million, representing an increase of 33.2% from a loss of approximately RMB251.5 million for the corresponding period of last year. The significant increase in loss was mainly due to the decrease of property sales compared to the corresponding period of last year.

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024.

As at 30 June 2024, the Group's total assets amounted to approximately RMB2,068.1 million (31 December 2023: approximately RMB2,215.7 million). Total liabilities was approximately RMB5,370.4 million (31 December 2023: approximately RMB5,175.2 million), total deficits was approximately RMB3,302.3 million (31 December 2023: total deficits of approximately RMB2,959.5 million), and net liabilities per share was approximately RMB1.76 (31 December 2023: net liabilities per share of approximately RMB1.58).

Sales

During the Period, the Group recorded a total revenue of approximately RMB78.7 million, representing an approximate 66.2% decrease from approximately RMB233.0 million for the corresponding period of last year. During the Period, property sales revenue was approximately RMB78.3 million, representing approximately 99.4% of its total revenue. Total GFA sold was approximately 16,727 sq.m., representing a decrease of approximately 52.0% as compared to the same period of last year, which was mainly due to large portion of sales of properties of phases 2 and 3 of Shandong Project had already been completed in 2023.

The following table shows revenue by operating segment for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	(RMB million)	(%)	(RMB million)	(%)
	(Unaudited)		(Unaudited)	
Sales of properties	78.3	99.4	230.9	99.1
Rental income	0.4	0.6	2.1	0.9
Total revenue	78.7	100	233.0	100

Property sales

During the Period, the Group recorded property sales revenue of approximately RMB78.3 million, representing a decrease of approximately RMB152.6 million or 66.1% from approximately RMB230.9 million for the same period of last year. This was mainly due to large portion of sales of properties of phases 2 and 3 of Shandong Project had already been completed in 2023. The GFA delivered of the property sales during the Period decreased from approximately 34,870 sq.m. for the same period of last year to approximately 16,727 sq.m..

Property leasing

The Group carries out property leasing business through leasing its commercial properties held for investment. As of 30 June 2024, the actual area leased out of the Group's investment properties held-for-lease and the sold commercial properties leased back from third parties purchasers was approximately 16,341.15 sq.m., representing approximately 26.3% of the total investment properties held-for-lease and the sold commercial properties leased back from third parties purchasers.

During the Period, rental income amounted to approximately RMB0.4 million, representing a decrease of approximately RMB1.7 million or 79.2% from approximately RMB2.1 million for the same period of last year, mainly due to the Group's adjustment of plans during the Period, which adjusted the rental area of such property and caused most of the tenants to move out, resulting in a decrease in rent.

Gross profit

During the Period, gross profit amounted to approximately RMB15.7 million, representing a decrease of approximately RMB20.2 million or approximately 56.2% compared to RMB35.9 million for the same period of last year. Gross profit margin was approximately 20.0%, representing an increase compared to approximately 15.4% in the same period of last year. It is expected that the Group's gross profit margin will maintain steady in the second half of 2024.

Other income and gains and losses

During the Period, other income and gains and losses amounted to loss of approximately RMB4.5 million, an increase of approximately RMB0.4 million or approximately 9.1% compared to the loss of approximately RMB4.1 million for the same period of last year, which was mainly derived from exchange losses during the period.

Selling and administrative expenses

During the Period, selling and administrative expenses amounted to approximately RMB10.0 million, representing a decrease of approximately RMB11.6 million or approximately 53.8% compared to approximately RMB21.6 million for the same period last year. Selling and distribution expenses decreased by approximately RMB0.7 million, mainly due to the reduction of merchandising activities of commercial projects. Administrative expense is decreased by approximately RMB10.9 million, mainly due to the effective management of labor and office cost.

Other expenses

During the Period, other expenses amounted to approximately RMB294.2 million, representing an increase of approximately RMB67.7 million or approximately 29.9% as compared to approximately RMB226.5 million for the same period of last year. During the Period, (i) the impairment of certain properties under development and completed properties held for sale of approximately RMB89.4 million was adversely impacted by weakness of domestic commercial properties market, resulting in the expected decrease of realisable value; (ii) the relevant interest penalty and penalty provision for loan default amount charged amounted to approximately RMB197.4 million. Breakdown of other expenses is set out below:

	For the six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Liquidated damages on borrowings	197.4	157.0
Impairment of properties under development	71.3	50.0
Impairment of completed properties held for sale	18.1	9.0
Lease payments not included in the measurement of lease liabilities	0.2	0.2
Others	7.2	10.3
Total	<u>294.2</u>	<u>226.5</u>

Operating loss

During the Period, the operating loss was approximately RMB337.4 million, representing an increase of approximately RMB66.8 million or approximately 24.7% compared to the loss of approximately RMB270.6 million for the same period of last year, mainly due to the increase of other expenses during the Period.

Changes in fair value of investment properties

During the Period, the loss on changes in fair value of investment properties amounted to approximately RMB9.2 million, representing a decrease in the loss of approximately RMB8.7 million or approximately 48.7% compared to approximately RMB17.9 million for the same period of last year.

Net finance costs

During the Period, finance costs amounted to approximately RMB35.3 million, representing a slight decrease of approximately RMB1.1 million or approximately 2.9% compared to approximately RMB36.4 million for the same period of last year.

Income tax expenses

During the Period, income tax expenses amounted to approximately RMB5.4 million, representing a decrease of approximately RMB5.6 million or approximately 50.8% as compared with the income tax expenses of approximately RMB11.0 million for the same period last year. This was mainly due to a decrease in land appreciation tax during the Period.

Loss attributable to owners of the Company

During the Period, the loss attributable to owners of the Company amounted to approximately RMB334.9 million, representing an increase in loss of approximately RMB83.4 million or approximately 33.2% compared to the loss of approximately RMB251.5 million for the corresponding period of last year. The basic loss per share increased from loss per share of approximately RMB0.134 for the same period of last year to loss per share of approximately RMB0.178 during the Period.

Business performance

The table below sets forth a summary of our property sales projects of the Group during the Period:

Property Project	Location	Project Type	GFA sold (sq.m.)	Income (RMB million)	Average selling price (RMB/sq.m.)
Xingmeng International Commercial City	Tengzhou City, Shandong Province	Commercial and residential	16,727	78.3	4,678
Total			<u>16,727</u>	<u>78.3</u>	<u>4,678</u>

Land reserve

As at 30 June 2024, the Group's property portfolio included 6 property development projects in cities throughout China. These were at different stages of development, with total GFA amounting to approximately 379,000 sq.m., of which approximately 278,000 sq.m. were completed. Approximately 22,000 sq.m. were still under development, and approximately 9,000 sq.m. were being held for future development.

Since the publication of the Group's annual report for the year ended 31 December 2023, there was no material change in the possible future development of the Group's business and the Group's outlook for the Period.

Cash and cash equivalents

As at 30 June 2024, the Group's cash and bank deposits, including restricted cash, were a total of approximately RMB1.1 million (31 December 2023: approximately RMB1.9 million).

Trade receivables, prepayments, other receivables and other assets

As at 30 June 2024, the sum of trade receivables, prepayments, other receivables and other assets of the Group was approximately RMB36.4 million, representing a decrease of approximately RMB5.2 million compared to approximately RMB41.7 million as at 31 December 2023 due to the decrease in subcontractor deposits.

Trade payables, contract liabilities, other payables and accruals

As at 30 June 2024, the sum of trade payables, contract liabilities, other payables and accruals of the Group was approximately RMB2,733.2 million, representing an increase of approximately RMB665.5 million or approximately 7.1% as compared to approximately RMB2,067.7 million as at 31 December 2023 due to the relevant interest penalty and penalty provision for loan default amount charged.

Assets and liabilities

As at 30 June 2024, the Group's total assets was approximately RMB2,068.1 million, representing a decrease of approximately RMB147.6 million compared to approximately RMB2,215.7 million as at 31 December 2023. Total current assets was approximately RMB946.9 million, representing a decrease of approximately RMB139.8 million from approximately RMB1,086.7 million as at 31 December 2023 and accounting for approximately 45.8% of total assets (31 December 2023: 49.0%). Total non-current assets was approximately RMB1,121.2 million, no material change from approximately RMB1,129.0 million as at 31 December 2023 and accounting for approximately 54.2% of total assets (31 December 2023: 51.0%).

As at 30 June 2024, the Group's total liabilities was approximately RMB5,370.4 million, representing an increase of approximately RMB195.3 million compared to approximately RMB5,175.2 million as at 31 December 2023. Total current liabilities was approximately RMB5,201.1 million, representing an increase of approximately RMB194.3 million compared to approximately RMB5,006.9 million as at 31 December 2023 and accounting for approximately 96.8% of total liabilities (31 December 2023: 96.7%). Total non-current liabilities was approximately RMB169.3 million, no material change from approximately RMB168.3 million as at 31 December 2023 and accounting for approximately 3.1% of total liabilities (31 December 2023: approximately 3.3%).

As at 30 June 2024, the Group had net current liabilities of approximately RMB4,254.3 million, representing an increase of approximately RMB334.1 million from approximately RMB3,920.2 million as at 31 December 2023.

Current ratio

As at 30 June 2024, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 0.18:1 (31 December 2023: 0.27:1).

Gearing ratio

As at 30 June 2024, the gearing ratio of the Group was (89.3)% (31 December 2023: (110.0)%) as calculated by interest-bearing bank and other borrowings and convertible bonds, less cash and cash equivalents as a percentage of total equity and net debt.

Convertible bonds

Pursuant to the general mandate, on 1 June 2018, the Group issued convertible bonds in the amount of HK\$300 million for a term of two years. The convertible bonds bear interest at a rate of 6.5% plus 1% handling fee per annum, and the interest is payable in arrears every half year. The convertible bonds can be converted into shares at the conversion price of HK\$1.39 per share at any time before and after the issue date and up to the close of business on the business day immediately preceding the maturity date. For details, please refer to the Company's announcement dated 15 May 2018. The convertible bonds matured on 1 June 2020.

The Company was informed that Messrs. Lai Kar Yan and Ho Kwok Leung Glen, both from Deloitte Touche Tohmatsu, were appointed on 18 November 2020 by Chance Talent as joint and several receivers (the "**Receivers**"). Accordingly, the right of management of the director(s) of Xinxing Company Limited over the Charged Shares has been suspended and the Company will not register any transfer of the Charged Shares without prior written consent of the Receivers.

The principal amount of approximately RMB279.2 million (equivalent to HK\$300 million) and interests have not been settled as of the date of this announcement.

Capital structure

The Group's operations were financed mainly by shareholder's equity, financing of loans from bank for the Group and internal resources. The Group will continue its treasury policy of placing its cash and cash equivalents as interest-bearing deposits.

The Group's loans and cash and cash equivalents were mainly denominated in Renminbi. The interest-bearing bank and other borrowings denominated in Renminbi of the Group as of 30 June 2024 were approximately RMB1,279.5 million (31 December 2023: RMB1,279.5 million).

Borrowings

As at 30 June 2024, the Group's total interest-bearing bank and other borrowings were approximately RMB1,279.5 million, unchanged from approximately RMB1,279.5 million as at 31 December 2023. Details of the borrowings are set out in note 15 to the condensed consolidated financial statements.

The Group's interest-bearing bank and other borrowings repayable on demand or within one year were approximately RMB1,279.5 million, unchanged from approximately RMB1,279.5 million as at 31 December 2023. Details of the borrowings are set out in note 14 to the condensed consolidated financial statements.

Disclaimer of opinion of 2023 annual report

As at 30 June 2024, interest payments of RMB497.1 relating to certain borrowings of the Group of a principal amount of RMB1,279,465,000 ("**Outstanding Borrowings**") were not paid in accordance with the repayment schedules pursuant to the borrowing agreements which constituted events of defaults.

The Company remains committed to address the audit modification disclosed in the 2023 annual results announcement dated 20 September 2024. In this regard, the Management has been undertaking a number of measures to improve the Group's liquidity and financial position, and repay overdue interest to financial institutions, which include:

- (i) continuously negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests. The management has been continuously negotiating with the Group's existing lenders on the renewal of or extension for repayment of outstanding borrowings such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default, including those with cross-default terms and hope to extend the due date and the repayment schedules of the outstanding borrowings. As of 30 June 2024, the outstanding amount of the total principal is RMB1,279.5 million, and the overdue the outstanding amount of the total interests is approximately RMB497.1 million. As of the date of this announcement, other than the ongoing court auction in respect of certain properties held by Hangzhou Xinming, there is no other court proceedings relating to the outstanding borrowings of the Group.
- (ii) continuously negotiating with various financial institutions and potential lenders/ investors to identify various opportunities for additionally financing the Group's working capital and commitments in the foreseeable future. As of the date of this announcement, the Company negotiated with current and other banks and financial institutions using the lands held by the Group as guarantees on the additional financing.

- (iii) accelerating the pre-sale and sale of properties under development and completed properties, such as the Shandong Project and controlling costs and containing capital expenditure so as to generate adequate net cash inflows for the Group. The sale of the phase 3 of Shandong Project was completed. The pre-sale of the phase 4 of Shandong residential project has commenced since September 2023. Majority of the net proceeds from the Shandong project has been and will be used for the repayment of the outstanding borrowings.
- (iv) actively procuring and formulating the preliminary terms with large property developers to sell individual property development projects or whole commercial properties at an appropriate price. The Company has been negotiating with certain potential purchaser regarding the sale of the whole Shanghai property development project. The Management estimated that most of the net proceeds from the Shanghai Project will be used for the repayment of the outstanding borrowing. The sale of the Shanghai Project might constitute a transaction of the Company subject to announcement pursuant to Chapter 14 of the Listing Rules and subject to the relevant requirements under the Listing Rules.
- (v) actively accelerate the de-stocking of its properties by selling the residential property in Shandong and the whole or portion of commercial properties in Taizhou, Hangzhou and Shanghai as a package, with a view to accelerating the recovery of working capital to improve its liability and financial gearing conditions.

Taking into account the above plan and measures, the Directors are satisfied that it is appropriate to prepare the unaudited condensed consolidated financial statements for the Period on a going concern basis.

The Company will keep its shareholders informed by publishing further announcement(s) setting out any developments and updates on the renewal of or extension for repayment of Outstanding Borrowings and the re-financing of such borrowings.

Significant investments held

Except for investment in subsidiaries, the Group did not hold any significant investment in equity interest in any other companies during the Period.

Future plans for material investment and capital assets

The Group had no other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and joint ventures

The Group did not make any material acquisitions and disposals of subsidiaries and joint ventures during the Period.

Guarantees on mortgage facilities

As at 30 June 2024, the Group provided guarantees for the mortgage loans given by certain purchasers of approximately RMB27.9 million (31 December 2023: approximately RMB28.6 million).

Asset guarantees

As at 30 June 2024, the Group had pledged or restricted bank deposits of approximately RMB0.5 million (31 December 2023: approximately RMB0.5 million). In addition, a portion of the other borrowings of the Group were secured by several properties under development and investment properties of the Group and a 100% equity interest in certain subsidiaries of the Group. These were jointly guaranteed by Mr. Chen, the Group's controlling shareholder and an executive Director, his son and daughter, Mr. Chen, Miss Chen, Ms. Gao, a non-executive Director and Xinming Group Limited, a related Group company, free of charge.

Capital expenditure

During the Period, the Group's total capital expenditure was approximately RMB0 million in respect of purchase of property, plant and equipment (six months ended 30 June 2023: approximately RMB0 million).

Capital commitments

As at 30 June 2024, capital commitments related to activities of properties under development were approximately RMB1.0 million (31 December 2023: approximately RMB3.7 million).

Exposure to exchange rate fluctuations

The Group operates mainly in Renminbi, though certain bank deposits of the Group are denominated in Hong Kong dollars. Save as disclosed above, the Group is not exposed to any material foreign exchange rate fluctuation risk and has not engaged in foreign currency hedging policies. However, the Group will closely monitor the foreign exchange risk and may, as the case may be and depending on foreign currency trends, consider applying significant foreign currency hedging policies in the future.

Employees

As at 30 June 2024, the Group has a total of 42 employees (as at 30 June 2023: a total of 55 employees). The decrease was mainly due to the adoption of a cost efficiency campaign. The Group continuously promoted the upgrading of talents, cultivated and recruited excellent talents with sales and management experience, improved the allocation system of remuneration linked to performance and maintained harmonious labor relations. The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. Moreover, the Group has also adopted a share option scheme and a share award scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PLEDGE OF ASSETS

Save as disclosed in notes 14 and 15 to the unaudited consolidated financial statements, there was no other pledge of assets.

CORPORATE GOVERNANCE PRACTICES

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules and complied with the code provisions of the CG Code during the Period. None of the Directors was aware of any information that would reasonably indicate that the Company was incompliant with the code provisions of the CG Code during the Period, except for the deviations as follows:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chen is the chairman and the chief executive officer of the Company ("**CEO**"). The Group therefore did not separate the roles of the chairman and the CEO. The Board considered that Mr. Chen had in-depth knowledge and experience in the property investment and development industry and was the most appropriate person to manage the Group. Therefore, the roles of chairman and CEO were performed by the same individual, Mr. Chen, and such arrangement was considered to be beneficial to the business prospects and management of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct of dealings in securities of the Company by the Directors. Upon specific enquiries being made to all the Directors, each of them has confirmed that they complied with the required standards set out in the Model Code during the Period.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") consists of five independent non-executive Directors, Mr. Khor Khie Liem Alex (being the chairman of the Audit Committee), Mr. Chiu Kung Chak, Mr. Lau Wai Leung, Alfred, Ms. Huang Chunlian and Ms. Lee Yin Man. The Company's unaudited condensed consolidated interim results announcement and financial report for the Period have been reviewed by the Audit Committee.

EVENTS AFTER THE END OF THE PERIOD

The Group has no significant events took place after the end of the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement has been published on the websites of the Company (www.xinm.com.cn) and the Stock Exchange (www.hkexnews.hk). The 2024 interim report will be dispatched to shareholders in due course and will also be available at the Company's and the Stock Exchange's websites in due course.

CONTINUED SUSPENSION OF TRADING

Reference is made to the announcement of the Company dated 23 June 2023, whereby the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company on the Stock Exchange.

Trading in the shares of the Company on the Stock Exchange will remain suspended until further announcement by the Company. Shareholders and potential investors should exercise caution when dealing in shares of the Company.

By order of the Board
Xinming China Holdings Limited
Chen Chengshou
*Chairman, Executive Director and
Chief Executive Officer*

Hangzhou, the PRC

20 September 2024

As at the date of this announcement, the executive Directors are Mr. Chen Chengshou, Mr. Feng Cizhao, Mr. Cao Zhiqiang and Mr. Zhou Fenli; the non-executive Directors are Ms. Gao Qiaoqin, Mr. Choi Clifford Wai Hong and Mr. Zhou Zhencun; and the independent non-executive Directors are Mr. Khor Khie Liem Alex, Mr. Chiu Kung Chak, Mr. Lau Wai Leung, Alfred, Ms. Huang Chunlian and Ms. Lee Yin Man.

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