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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)

**(1) PROPOSED CAPITAL REORGANISATION; AND
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4)
RIGHTS SHARE FOR EVERY ONE (1) ADJUSTED SHARE HELD
AT THE CLOSE OF BUSINESS ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

Financial Adviser to the Company

ADVENT
宏智融資

Advent Corporate Finance Limited

Placing Agent

ADVENT
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Advent Securities (Hong Kong) Limited

PROPOSED CAPITAL REORGANISATION

The Board proposes the Capital Reorganisation to be implemented in the following manner:

- (i) the Share Consolidation whereby every one hundred (100) issued and unissued Existing Shares of par value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each;

- (ii) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share;
- (iii) the Share Subdivision whereby immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$1.00 each will be subdivided into 100 Adjusted Shares of par value of HK\$0.01 each; and
- (iv) the credit arising from the Capital Reduction will be applied towards offsetting the Accumulated Losses. The balance of the credit (if any) after offsetting the Accumulated Losses will be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted by all applicable laws and the Memorandum and Articles and as the Board considers appropriate.

Each of the Adjusted Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other in accordance with the Memorandum and Articles.

The Capital Reorganisation is conditional upon fulfillment of the conditions as set out under the section headed “Conditions of the Capital Reorganisation” in this announcement.

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 2,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the Adjusted Shares will continue to be traded in board lots of 2,000 Adjusted Shares.

PROPOSED RIGHTS ISSUE

The Company proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue at the Subscription Price of HK\$1.12 per Rights Share on the basis of four (4) Rights Share for every one (1) Adjusted Share held on the Record Date to raise up to (i) approximately HK\$84.2 million (before expenses) by issuing up to 75,144,880 Rights Shares (assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than as a result of the Capital Reorganisation); or (ii) approximately HK\$93.8 million (before expenses) by way of issuing up to 83,777,972 Rights Shares (assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than as a result of the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise or conversion of the outstanding Convertible Bonds).

Subject to fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. In the event of an undersubscription of the Rights Issue, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed on a best effort basis by the Placing Agent to independent placees under the Placing. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There will be no excess application arrangement in relation to the Rights Issue.

The estimated maximum net proceeds from the Rights Issue (after deducting the estimated expenses in relation to the Rights Issue) is expected to be up to approximately HK\$87.3 million. Details of the use of proceeds are set out in the section headed “Reasons for the Rights Issue and use of proceeds” in this announcement.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Placing Shares by offering these Shares to independent Placees for the benefit of the Shareholders to whom they are offered by way of the Rights Issue. Accordingly, on 6 December 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed, as an agent of the Company, to procure Placees, on a best effort basis, to subscribe for the Placing Shares during the Placing Period.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is conditional upon the Shareholders’ approval at the EGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the date of this announcement, Xinxing Company Limited, being a controlling shareholder of the Company, directly holds 776,467,800 Shares (representing approximately 41.33% of the issued share capital of the Company as at the date of this announcement). Xinxing Company Limited is a company wholly owned by Mr. Chen. Of the Shares held by Xinxing Company Limited, 752,137,800 Shares have been charged in favour of Chance Talent. Together with the 187,862,200 Shares held by the Receivers, namely Messrs. Lai Kar Yan and Ho Kwok Leung Glen that have been charged to Chance Talent, Chance Talent is deemed to be interested in 940,000,000 Shares (representing approximately 50.04% of the issued share capital of the Company as at the date of this announcement). Accordingly, Xinxing Company Limited, Mr. Chen, Ms. Gao, who is the spouse of Mr. Chen, and Chance Talent shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A(1) of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Khor Khie Liem Alex, Mr. Chiu Kung Chak, Mr. Lau Wai Leung, Alfred, Ms. Huang Chunlian and Ms. Lee Yin Man, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

The Circular containing, among other things, (i) details of the Capital Reorganisation; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the EGM is expected to be despatched to the Shareholders on or before Monday, 23 December 2024.

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL(s)) to the Non-Qualifying Shareholders for their information only.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” in this announcement. Therefore, the Capital Reorganisation may or may not proceed.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid Rights Shares. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Any Shareholder or other person dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Placing Long Stop Date, which is expected to be 4:00 p.m. on Thursday, 3 April 2025, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

(I) PROPOSED CAPITAL REORGANISATION

The Board proposes the Capital Reorganisation to be implemented in the following manner:

- (i) the Share Consolidation whereby every one hundred (100) issued and unissued Existing Shares of par value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each;

- (ii) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share;
- (iii) the Share Subdivision whereby immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$1.00 each will be subdivided into 100 Adjusted Shares of par value of HK\$0.01 each; and
- (iv) the credit arising from the Capital Reduction will be applied towards offsetting the Accumulated Losses. The balance of the credit (if any) after offsetting the Accumulated Losses will be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted by all applicable laws and the Memorandum and Articles and as the Board considers appropriate.

Effect of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 comprising 10,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 1,878,622,000 Existing Shares have been issued and fully paid or credited as fully paid. Immediately following the Capital Reorganisation, the authorised share capital of the Company will be HK\$100,000,000 divided into 10,000,000,000 Adjusted Shares of par value of HK\$0.01 each, and the aggregate nominal value of the issued share capital of the Company will be approximately HK\$187,862.20 (assuming that no further Existing Shares are issued or repurchased from the date of this announcement until the effective date of the Capital Reorganisation). Based on the number of the Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$18,598,357.80 will arise as a result of the Capital Reduction, which will be applied towards offsetting accumulated loss of the Company as at the effective date of the Capital Reorganisation.

Assuming no Existing Shares are issued or repurchased from the date of this announcement, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Authorised share capital	HK\$100,000,000	HK\$100,000,000
Par value per share	HK\$0.01	HK\$0.01
Number of authorised shares	10,000,000,000	10,000,000,000
Amount of issued share capital	HK\$18,786,220	HK\$187,862.20
Number of issued shares	1,878,622,000	18,786,220
Amount of unissued share capital	HK\$81,213,780	HK\$99,812,137.80
Number of unissued shares	8,121,378,000	9,981,213,780

Note: The above share capital structure of the Company is for illustration purpose only.

The Adjusted Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders, save for any fractional Adjusted Shares which may arise. No fractional Adjusted Shares will be issued by the Company. Any fractional entitlements of Adjusted Shares arising from the Share Consolidation, if any, will be cancelled. Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Adjusted Shares.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders approving the Capital Reorganisation at the EGM;
- (ii) an order being made by the Court confirming the Capital Reduction (if applicable);
- (iii) compliance with any terms and conditions which the Court may impose in relation to the Capital Reduction (if applicable);

- (iv) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (if applicable) and the minute containing the particulars required by the Companies Act with respect to the Capital Reduction; and
- (v) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganisation at the EGM, the legal advisers to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction (if applicable) and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed (if applicable).

As at the date of this announcement, none of the above conditions have been fulfilled.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Adjusted Shares arising from the Capital Reorganisation, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Adjusted Shares on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the Circular.

Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

To alleviate the difficulties in trading odd lots of the Shares arising from the Rights Issue, the Company will appoint an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Wednesday, 5 March 2025 to 4:00 p.m. on Tuesday, 25 March 2025 (both dates inclusive). Holders of the Shares in odd lots who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker during such period. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Exchange of share certificates

Subject to the Capital Reorganisation having become effective, Shareholders may, on or after Wednesday, 19 February 2025 and until Thursday, 27 March 2025 (both days inclusive), submit the existing share certificates for the Existing Shares to the Registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Adjusted Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Adjusted Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Adjusted Shares (whichever is higher) but are not acceptable for trading, settlement and registration.

The new share certificates for the Adjusted Shares will be issued in another colour in order to distinguish them from the existing share certificate.

Application for listing and dealings

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation and all necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange upon the Capital Reorganisation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Reasons for the Capital Reorganisation

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

Under the Companies Act and the Memorandum and Articles, the Company may not issue Shares at a discount to the nominal value of such Shares. In order to facilitate possible fund-raising activities in the future, it is necessary to implement the Capital Reorganisation to lower the par value of the Shares, giving greater flexibility to the Company to issue new Shares in the future. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Subdivision, the nominal value of the Consolidated Shares will be HK\$1.00 per Consolidated Share. The Capital Reduction and the Share Subdivision will keep the nominal value of the Adjusted Shares at a lower level of HK\$0.01 per Adjusted Share, which allows greater flexibility in the pricing for any issue of new Shares in the future.

The credit arising from the Capital Reduction will enable the Company to set off its Accumulated Losses. The balance of the credit (if any) after offsetting the Accumulated Losses will be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted by all applicable laws and the Memorandum and Articles and as the Board considers appropriate. It will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company’s performance and when the Board considers that it is appropriate to do so in the future.

The Board is of the opinion that the proposed Capital Reorganisation will give greater flexibility to the Company to (i) conduct fundraising exercise to raise capital; (ii) declare dividends; and/or (iii) undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company’s performance and when the Board considers that it is appropriate to do so in the future.

Save for the Rights Issue, the Group has no other fundraising plan as of the date of this announcement. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcements in this regard in accordance with the Listing Rules as and when appropriate.

In view of the above reasons, the Directors are of the view that the Capital Reorganisation is in the best interests of the Company and its Shareholders as a whole.

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” in this announcement. Therefore, the Capital Reorganisation may or may not proceed.

(II) PROPOSED RIGHTS ISSUE

The Board proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of four (4) Rights Shares for every one (1) Adjusted Share held as at the Record Date. Details of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue	: Four (4) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	: HK\$1.12 per Rights Share
Net price per Rights Shares (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	: Approximately HK\$0.83 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as at the date of this announcement	: 1,878,622,000 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	: 18,786,220 Adjusted Shares (assuming there is no change in number of Shares in issue up to the effective date of the Capital Reorganisation)

Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	:	Up to (i) 75,144,880 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation) with an aggregate nominal value of HK\$751,448.80; or (ii) 83,777,972 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise or conversion of the outstanding Convertible Bonds) with an aggregate nominal value of HK\$837,779.72
Total number of Adjusted Shares in issue upon completion of the Rights Issue	:	Up to (i) 93,931,100 Adjusted Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation); or (ii) 104,722,465 Adjusted Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise or conversion of the outstanding Convertible Bonds)
Gross proceeds from the Rights Issue	:	Up to approximately HK\$84.2 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation) and a maximum of approximately HK\$93.8 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise or conversion of the outstanding Convertible Bonds)

As at the date of this announcement, the Company has Convertible Bonds in the principal amount of HK\$300 million which entitle the holders to convert into 215,827,338 new Shares. Save for the Convertible Bonds, the Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares as at the date of this announcement.

Assuming no change in the number of Shares in issue on or before the Record Date, other than the Capital Reorganisation becoming effective, the aggregate 75,144,880 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 400% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and approximately 80% of the total number of issued Adjusted Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation becoming effective and the new Shares to be allotted and issued upon the full exercise or conversion of the outstanding Convertible Bonds, the aggregate 104,722,465 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 400% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and approximately 80% of the total number of issued Adjusted Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Subscription Price

The Subscription Price of HK\$1.12 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, or where a transferee of the nil-paid Rights applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 13.8% to the closing price of HK\$1.30 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.013 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 18.8% to the adjusted average closing price of approximately HK\$1.38 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK\$0.0138 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 20.6% to the adjusted average closing price of approximately HK\$1.41 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK\$0.0141 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and

- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 16.9%, represented by the theoretical diluted price of approximately HK\$1.18 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the theoretical benchmarked price of HK\$1.42 per Adjusted Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Adjusted Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of this announcement and adjusted for the effect of the Capital Reorganisation).

The Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section head “Reasons for the Rights Issue and Use of Proceeds”, and the amount of funds the Company intends to raise under the Rights Issue.

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Company considers that the discount of the Subscription Price to the current market price (taking into account the effect of the Capital Reorganisation) will encourage them to participate in the Rights Issue, minimising dilution impact.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the independent financial adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed on a best effort basis by the Placing Agent to independent placees under the Placing. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules and does not cause the Company's public float to decrease to below 25%.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

- (i) the Capital Reorganisation having become effective;
- (ii) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the EGM for the transactions contemplated under the Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (iii) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- (iv) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (v) the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of the Prospectus on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (vi) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and dispatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked); and

- (vii) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 4:00 p.m. on Thursday, 3 April 2025 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

Status of the Rights Shares

The Rights Shares (when allotted, fully-paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Adjusted Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company prior to the closing of business on the Record Date, all transfers of Adjusted Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Friday, 21 February 2025.

It is expected that the last day of dealings in the Adjusted Shares on a cum-rights basis is Wednesday, 19 February 2025, and the Adjusted Shares will be dealt with on an ex-rights basis from Thursday, 20 February 2025.

Subject to the Capital Reorganisation becoming effective and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will dispatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Non-Qualifying Shareholder for their information only.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Issue to Overseas Shareholders, if any. If, based on the legal advice to be provided by the legal advisor of the Company, the Board considers that it would be necessary or expedient not to offer the Rights Shares to Overseas Shareholders on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such relevant jurisdiction, the Rights Issue will not be extended to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

Closure of register of members

The register of members of the Company will be closed from Monday, 24 February 2025 to Friday, 28 February 2025 (both dates inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be four (4) Rights Shares (in nil-paid form) for every one (1) Adjusted Share held by the Qualifying Shareholders as at close of business on the Record Date. There will be no excess application arrangements in relation to the Rights Issue.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Shares as a result of the Rights Issue, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to top up or sell their holdings of odd lots of the Shares. Further details in respect of the arrangement of odd lot trading will be set out in the Prospectus.

Shareholders should note that the matching of the sale and purchase of odd lots of Shares is not guaranteed. Shareholders who are in any doubt about the odd lot matching arrangement are recommended to consult their own professional advisers.

To alleviate the difficulties in trading odd lots of the Shares arising from the Rights Issue, the Company will appoint an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Wednesday, 5 March 2025 to 4:00 p.m. on Tuesday, 25 March 2025 (both dates inclusive). Holders of the Shares in odd who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker during such period. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue. On 6 December 2024, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company appointed the Placing Agent to place the Placing Shares during the Placing Period to independent placees on a best effort basis, any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than Tuesday, 1 April 2025, placees to subscribe for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on a pro rata basis (but rounded down to the nearest cent):

- (i) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Placing Agreement for Unsubscribed Rights Shares and the NQS Unsold Rights Shares

Details of the Placing Agreement are summarised below:

Date	: 6 December 2024 (after trading hours)
Issuer	: The Company
Placing Agent	: Advent Securities (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO, was appointed as the Placing Agent to procure, on the best effort basis, placees to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not the Shareholder; and (ii) they are Independent Third Parties.

- Placing Period : The period commencing from Tuesday, 25 March 2025 and end at 4:00 p.m. on Thursday, 3 April 2025.
- Commission and expenses : The Placing Agent shall be entitled to a commission fee equal to 3% of the amount which is equal to the Placing price multiplied by the Placing Shares that have been successfully placed by the Placing Agent.
- Placing price : The placing price of each of the Placing Shares shall be not less than the Subscription Price. The final price determination will be dependent on the demand and market conditions of the Placing Shares during the process of placement.
- Placees : The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing and does not cause the Company's public float to decrease to below 25%.
- Ranking of the Placing Shares : The Placing Shares (when placed, allotted, issued and fully paid), shall rank *pari passu* in all respects among themselves and with the Adjusted Shares in issue at the date of completion of the Placing.
- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled or being waived by the Placing Agent in writing, if applicable):
- (i) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;

- (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfilment of all or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i) above) by notice in writing to the Company.

Termination

- : The Placing Agreement shall end on Thursday, 3 April 2025 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfil its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Placing Completion : Completion is expected to take place within eleven Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by the Placing Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Placing Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The engagement between the Company and the Placing Agent in respect of the Placing Shares (including the commission and expenses payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Board considers that the terms of Placing Agreement in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board considered that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares to the Company; (ii) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non- Qualifying Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and the Non-Qualifying Shareholders.

No Fractional Entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold by the Company in the open market if a premium (net of expense) can be obtained. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully paid Rights Shares are expected to be posted on or before Thursday, 10 April 2025 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Thursday, 10 April 2025 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The nil-paid and fully-paid Rights Shares will be traded in board lots of 2,000 Shares.

RIGHTS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the property development, property investment and property leasing in the PRC.

Assuming full subscription under the Rights Issue, the maximum gross and net proceeds (after deducting related expenses) from the Rights Issue are estimated to be approximately HK\$93.8 million and HK\$87.3 million, respectively.

As disclosed in the interim results announcement of the Company dated 20 September 2024 for the six months ended 30 June 2024, cash and cash equivalents amounted to approximately RMB0.6 million, whereas interest-bearing bank and other borrowings amounted to approximately RMB1,279.5 million, convertible bonds outstanding amounted to approximately RMB279.2 million and other payables and accruals of approximately RMB2,127.1 million as at 30 June 2024. Therefore, the Group has an immediate need for financial resources to settle the overdue liabilities and replenish its working capital.

The Company intends to apply the net proceeds from the Rights issue in the following manner:

- (i) approximately 92% (being approximately HK\$80.3 million) for settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings and other payables and accruals of the Group within around three months upon completion of the Rights Issue; and
- (ii) approximately 8% (being approximately HK\$7.0 million) as general working capital of the Group, including but not limited to its daily operational expenses of the Group for the forthcoming 6 months upon completion of the Rights Issue.

In the event that there is an under subscription of the Rights Issue, the net proceeds will be utilised on a pro rata basis as set out above.

Having considered the low level of bank balance and cash for daily operations as well as the finance costs associated with bank loans and overdrafts, the Directors consider that the Rights Issue represents an opportunity for the Company to partially settle outstanding liabilities and negotiate the repayment terms for the remaining balance with the lender(s) and bondholder(s), strengthen the Group's financial position and raise additional funding for the business operations of the Group without any interest burden.

The Directors had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares. The Directors are of the view that debt financing will result in additional interest burden and the interest rate is expected to be further increased in prevailing borrowing market. Besides, the debt financing will further increase the gearing ratio of the Group which is not beneficial to the Group.

The Directors consider that financing the funding needs of the Group in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate the subscription of new Shares. Instead of the placing or subscription of new Shares, the Rights Issue enables the Group to improve its financial position without increasing its debt or finance costs.

Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company and allow the Group fulfill its aforementioned needs for financial resources to partially settle the overdue liabilities and replenish its working capital, the Directors consider that raising capital through the Rights Issue is in the best interest of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

In view of the above, the Board considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue to provide existing Shareholders the opportunity to participate in the enlarged capital base of the Company.

EFFECTS ON SHAREHOLDING STRUCTURE

To the best knowledge of the Directors, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Capital Reorganisation; (iii) immediately after the Capital Reorganisation and the Completion assuming full acceptance by all Qualifying Shareholders under the Rights Issue; and (iv) immediately after the Capital Reorganisation and the Completion assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing:

- (i) assuming there is no change in the issued share capital of the Company, other than as a result of the Capital Reorganisation, from the date of this announcement up to and including the Record Date:

Shareholders	As at the date of this announcement		Immediately after the Capital Reorganisation		Immediately after the Capital Reorganisation and completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders		Immediately after the Capital Reorganisation and completion of the Rights Issue assuming (a) nil subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Xinxing Company Limited (Note 1)	772,137,800	41.3	7,764,678	41.3	38,823,390	41.3	7,764,678	8.3
Ho Kwok Leung Glen and Lai Kar Yan (Note 2)	187,862,200	10.0	1,878,622	10.0	9,393,110	10.0	1,878,622	2.0
Placees	–	–	–	–	–	–	75,144,880	80.0
Other public Shareholders	914,292,000	48.7	9,142,920	48.7	45,714,600	48.7	9,142,920	9.7
Total	<u>1,878,622,000</u>	<u>100.0</u>	<u>18,786,220</u>	<u>100.0</u>	<u>93,931,100</u>	<u>100.0</u>	<u>93,931,100</u>	<u>100.0</u>

Notes:

- Xinxing Company Limited is a company wholly owned by Mr. Chen. Accordingly, Mr. Chen and Ms. Gao (the spouse of Mr. Chen) are deemed to be interested in the shares in which Xinxing Company Limited is interested by virtue of the SFO. Of the Shares held by Xinxing Company Limited, 752,137,800 Shares have been charged in favour of Chance Talent. Together with the 187,862,200 Shares held by the Receivers, namely Messrs. Lai Kar Yan and Ho Kwok Leung Glen (see note 2 below) that have been charged to Chance Talent, Chance Talent is deemed to be interested in 940,000,000 Shares (representing approximately 50.04% of the issued share capital of the Company as at the date of this announcement).

2. On 11 February 2021, the Receivers, namely, Messrs. Lai Kar Yan and Ho Kwok Leung Glen, withdrew 187,862,200 Shares that have been charged to Chance Talent from CCASS and registered such 187,862,200 Shares in their name. As such, the shares held by Xinxing Company Limited that have been charged to Chance Talent decreased from 940,000,000 Shares to 752,137,800 Shares, representing approximately 40.04% of the total issued share capital of the Company.
3. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

- (ii) assuming there is no change in the issued share capital of the Company, other than as a result of the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise or conversion of the outstanding Convertible Bonds, from the date of this announcement up to and including the Record Date:

Shareholders	As at the date of this announcement		Immediately after the Capital Reorganisation and the full exercise or conversion of the outstanding Convertible Bonds		Immediately after the Capital Reorganisation and completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders		Immediately after the Capital Reorganisation and completion of the Rights Issue assuming (a) nil subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Xinxing Company Limited (Note 1)	776,467,800	41.3	7,764,678	37.1	38,823,390	37.1	7,764,678	7.5
Ho Kwok Leung Glen and Lai Kar Yan (Note 2)	187,862,200	10.0	1,878,622	9.0	9,393,110	9.0	1,878,622	1.8
Convertible Bonds holder (Note 3)	–	–	2,158,273	10.3	10,791,365	10.3	2,158,273	2.1
Placees	–	–	–	–	–	–	83,777,972	80.0
Other public Shareholders	914,292,000	48.7	9,142,920	43.7	45,714,600	43.7	9,142,920	8.7
Total	<u>1,878,622,000</u>	<u>100.0</u>	<u>20,944,493</u>	<u>100.0</u>	<u>104,722,465</u>	<u>100.0</u>	<u>104,722,465</u>	<u>100.0</u>

Notes:

1. Xinxing Company Limited is a company wholly owned by Mr. Chen. Accordingly, Mr. Chen and Ms. Gao (the spouse of Mr. Chen) are deemed to be interested in the shares in which Xinxing Company Limited is interested by virtue of the SFO. Of the Shares held by Xinxing Company Limited, 752,137,800 Shares have been charged in favour of Chance Talent. Together with the 187,862,200 Shares held by the Receivers, namely Messrs. Lai Kar Yan and Ho Kwok Leung Glen (see note 2 below) that have been charged to Chance Talent, Chance Talent is deemed to be interested in 940,000,000 Shares (representing approximately 50.04% of the issued share capital of the Company as at the date of this announcement).
2. On 11 February 2021, the Receivers, namely, Messrs. Lai Kar Yan and Ho Kwok Leung Glen, withdrew 187,862,200 Shares that have been charged to Chance Talent from CCASS and registered such 187,862,200 Shares in their name. As such, the shares held by Xinxing Company Limited that have been charged to Chance Talent decreased from 940,000,000 Shares to 752,137,800 Shares, representing approximately 40.04% of the total issued share capital of the Company.
3. As at the date of this announcement, the outstanding Convertible Bonds in the principal amount of HK\$300 million issued by the Company on 1 June 2018 entitled the holder of the Convertible Bonds, Chance Talent, to convert the Convertible Bonds into 215,827,338 new Shares. Assuming the Convertible Bonds are fully converted, Chance Talent will be deemed to be interested in 1,155,827,338 Shares (representing approximately 55.2% of the enlarged issued share capital of the Company).
4. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

POSSIBLE ADJUSTMENT TO OUTSTANDING CONVERTIBLE BONDS

As at the date of this announcement, the outstanding Convertible Bonds in the principal amount of HK\$300 million issued by the Company on 1 June 2018 entitled the holder of the Convertible Bonds to convert the Convertible Bonds into 215,827,338 new Shares.

Pursuant to the terms of the Convertible Bonds, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon the exercise or conversion of the Convertible Bonds. The Company will notify the holder of the Convertible Bonds and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Convertible Bonds, and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the date of this announcement.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE

The expected timetable for the Capital Reorganisation and the Rights Issue is set out below which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change and further announcement(s) will be made by the Company should there be any changes to the expected timetable.

Event	Date
Expected despatch date of the Circular together with notice of EGM and proxy form for EGM	Monday, 23 December 2024
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM.	4:30 p.m. on Monday, 30 December 2024
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Tuesday, 31 December 2024 to Monday, 6 January 2025
Latest time for lodging proxy forms for the EGM.	11:00 a.m. on Saturday, 4 January 2025
Record date for attendance and voting at the EGM.	Monday, 6 January 2025
Expected date and time of the EGM to approve the proposed Capital Reorganisation and Rights Issue	11:00 a.m. on Monday, 6 January 2025
Announcement of the poll results of the EGM	Monday, 6 January 2025
Register of members of the Company re-opens.	Tuesday, 7 January 2025

The following events are conditional on the fulfilment of the conditions relating to the implementation of the Capital Reorganisation and the Rights Issue and therefore the dates are tentative only:

Event	Date
Effective date of the Capital Reorganisation.	Wednesday, 19 February 2025
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Wednesday, 19 February 2025
Original counter for trading in Existing Shares in board lot of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes.	9:00 a.m. on Wednesday, 19 February 2025
Temporary counter for trading in the Adjusted Shares in board lot of 20 Adjusted Shares (in the form of existing share certificates) open	9:00 a.m. on Wednesday, 19 February 2025
First day of free exchange of existing share certificates for the Existing Shares for new share certificates for the Adjusted Shares	Wednesday, 19 February 2025
Last day of dealings in the Adjusted Shares on a cum-rights basis relating to the Rights Issue	Wednesday, 19 February 2025
First day of dealings in the Adjusted Shares on an ex-rights basis relating to the Rights Issue.	Thursday, 20 February 2025
Latest time for the Shareholders to lodge transfer documents of Adjusted Shares in order to be qualified for the Rights Issue	4:30 p.m. on Friday, 21 February 2025
Closure of register of members to determine the entitlements to the Rights Issue (both dates inclusive)	Monday, 24 February 2025 to Friday, 28 February 2025
Record date for the Rights Issue.	Friday, 28 February 2025
Expected despatch date of the Prospectus Documents to Qualifying Shareholders, and in the case of the Non-Qualifying Shareholders, the Prospectus only	Monday, 3 March 2025

Event	Date
Register of members of the Company re-opens.	Monday, 3 March 2025
First day of dealings in nil-paid Rights Shares	Wednesday, 5 March 2025
Original counter for trading in the Adjusted Shares in board lot of 2,000 Adjusted Shares (in the form of new share certificates) re-opens	Wednesday, 5 March 2025
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 20 Adjusted Shares and new share certificates in board lots of 2,000 Adjusted Shares) commences	Wednesday, 5 March 2025
Designated broker starts to stand in the market to provide matching services for odd lot of the Adjusted Shares	9:00 a.m. on Wednesday, 5 March 2025
Latest time for splitting the PAL	4:30 p.m. on Friday, 7 March 2025
Last day of dealings in nil-paid Rights Shares	Wednesday, 12 March 2025
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 17 March 2025
Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Monday, 24 March 2025
Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and NQS Unsold Rights Shares available)	Tuesday, 25 March 2025
Designated broker ceases to provide matching services for odd lot of the Adjusted Shares	4:00 p.m. on Tuesday, 25 March 2025
Temporary counter for trading in the Adjusted Shares in board lot of 20 Adjusted Shares (in the form of existing share certificates) closes	4:10 p.m. on Tuesday, 25 March 2025

Event	Date
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in board lots of 20 Adjusted Shares and new share certificates in board lots of 2,000 Adjusted Shares) ends	4:10 p.m. on Tuesday, 25 March 2025
Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares	Thursday, 27 March 2025
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Tuesday, 1 April 2025
Latest Time for the Rights Issue to become unconditional and the Placing Long Stop Date	4:00 p.m. on Thursday, 3 April 2025
Rights Issue settlement and Placing completion date	Tuesday, 8 April 2025
Announcement of results of the Rights Issue (including the results of the Placing and the Net Gain)	Wednesday, 9 April 2025
Despatch of share certificates for fully-paid Rights Shares and/or refund cheques if terminated	Thursday, 10 April 2025
Commencement of dealings in fully-paid Rights Shares	Friday, 11 April 2025
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Thursday, 17 April 2025

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Capital Reorganisation and the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place as scheduled if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons issued by the Hong Kong Observatory:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance falls. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warning in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the section headed “EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE” in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is conditional upon the Shareholders’ approval at the EGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the date of this announcement, Xinxing Company Limited, being a controlling shareholder of the Company, directly holds 776,467,800 Shares (representing approximately 41.3% of the issued share capital of the Company as at the date of this announcement). Xinxing Company Limited is a company wholly owned by Mr. Chen. Of the Shares held by Xinxing Company Limited, 752,137,800 Shares have been charged in favour of Chance Talent. Together with the 187,862,200 Shares held by the Receivers, namely Messrs. Lai Kar Yan and Ho Kwok Leung Glen that have been charged to Chance Talent, Chance Talent is deemed to be interested in 940,000,000 Shares (representing approximately 50.04% of the issued share capital of the Company as at the date of this announcement. Accordingly, Xinxing Company Limited, Mr. Chen, Ms. Gao, who is the spouse of Mr. Chen, and Chance Talent shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A(1) of the Listing Rules.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Khor Khie Liem Alex, Mr. Chiu Kung Chak, Mr. Lau Wai Leung, Alfred, Ms. Huang Chunlian and Ms. Lee Yin Man, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

EGM

The register of members of the Company will be closed from Tuesday, 31 December 2024 to Monday, 6 January 2025 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The EGM will be convened and held to consider and, if thought fit, approve, the Shares Consolidation, Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder. The executive Directors and their respective associates and Shareholders who are involved in or interested in the Rights Issue will be required to abstain from voting in respect of the resolution(s) to approve the Rights Issue at the EGM.

GENERAL

The Circular containing, among other things, (i) details of the Capital Reorganisation; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the EGM is expected to be despatched to the Shareholders on or before Monday, 23 December 2024.

The Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Monday, 3 March 2025. A copy of the Prospectus will also be made available on the websites of the Company (www.xinm.net.cn) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” in this announcement. Therefore, the Capital Reorganisation may or may not proceed.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid Rights Shares. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Any Shareholder or other person dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Placing Long Stop Date, which is expected to be 4:00 p.m. on Thursday, 3 April 2025, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

“Accumulated Losses”	the accumulated losses of the Company
“Adjusted Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective

“associate(s)”	has the same meaning ascribed to thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby (i) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (ii) the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up share capital of the Company to the extent of HK\$0.99 on each issued Consolidated Share
“Capital Reorganisation”	the proposed capital reorganisation involving the Share Consolidation, the Capital Reduction, the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chance Talent”	Chance Talent Management Limited
“Circular”	the circular to be despatched to the Shareholders by the Company, relating to, among other things, the Capital Reorganisation and the Rights Issue
“Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised
“Company”	Xinming China Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Compensatory Arrangements”	placing of the Placing Shares by the Placing Agent

“connected person(s)”	has the same meaning ascribed to thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Subdivision becoming effective
“controlling shareholder”	has the same meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$300 million issued by the Company on 1 June 2018 entitling the holder to convert into 215,827,338 new Shares at the conversion price of HK\$1.39 per Share upon the exercise of the convertible right attached thereto in full
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Capital Reorganisation and the Rights Issue and the transactions contemplated thereunder
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company, prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholder(s)”	Shareholder(s) excluding the controlling shareholder and their associates and other than those that are required under the Listing Rules to abstain from voting at the EGM

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Last Trading Day”	6 December 2024, being the last full trading day of the Existing Shares on the Stock Exchange prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 17 March 2025, or such other time and date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum and Articles”	the memorandum and articles of association of the Company, as amended from time to time
“Mr. Chen”	Mr. Chen Chengshou, an executive Director, Chairman and Chief Executive Officer of the Company
“Ms. Gao”	Ms. Gao Qiaoqin, a non-executive Director
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees) after deducting the aggregate amount of the Subscription Price for the Placing Shares placed by the Placing Agent under the Placing Agreement
“No Action Shareholder(s)”	Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any nil-paid rights at the time such nil-paid rights lapse

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Placee(s)”	individuals, corporate, institutional investors or other investor, procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares
“Placing Agent”	Advent Securities (Hong Kong) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activities as defined under the SFO
“Placing Agreement”	the placing agreement dated 6 December 2024 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares
“Placing Long Stop Date”	4:00 p.m. on Thursday, 3 April 2025 or such later date as the Company and the Placing Agent may agree in writing
“Placing Period”	the period from Tuesday, 25 March 2025 up to 4:00 p.m. on Thursday, 3 April 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“Placing Share(s)”	the Unsubscribed Rights Share(s) and the NQS Unsold Rights Share(s)

“PRC”	the People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	the Prospectus and the PAL to be issued by the Company
“Prospectus Posting Date”	Monday, 3 March 2025, or such other date as the Company may determine, for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Friday, 28 February 2025, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of four (4) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	up to 75,144,880 Adjusted Shares to be allotted and issued pursuant to the Rights Issue (assuming no change in the number of Shares in issue on or before Record Date), or a maximum of 83,777,972 Adjusted Shares (assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise or conversion of the outstanding Convertible Bonds)

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the Adjusted Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every one hundred (100) issued and unissued Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$1.00 each
“Share Subdivision”	the proposed subdivision of each of the authorised but unissued Consolidated Shares of HK\$1.00 each into one hundred (100) authorised but unissued Adjusted Shares of HK\$0.01 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$1.12 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

By order of the Board
Xinming China Holdings Limited
Cao Zhiqiang
Executive Director

Hong Kong, 6 December 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.