
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xinming China Holdings Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “17. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong, The Stock Exchange of Hong Kong Limited and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS and you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

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 of Hong Kong Limited 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 commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC. Settlement of transactions between participants of The Stock Exchange of Hong Kong Limited 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.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

Shareholders with registered addresses in any jurisdiction outside Hong Kong or beneficial owners of the Shares who are residents outside Hong Kong should refer to the important information set out in the section headed “Notices” and the paragraph headed “Rights of the Overseas Shareholders” under the section headed “Letter from the Board” in this Prospectus.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and the distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.



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)

RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES 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 Agents

ADVENT
宏智證券(香港)
Advent Securities (Hong Kong) Limited

亞太
APAC
亞太證券
APAC Securities

Capitalised terms used in the lower portion of this cover page shall have the same respective meanings as those defined in the section headed “Definitions” in this Prospectus.

The latest time for acceptance of and payment for the Rights Shares is at 4:00 p.m. on Tuesday, 8 July 2025. The procedures for application and payment for the Rights Shares are set out on pages 17 and 18 of this Prospectus.

It should be noted that the Placing Agreements contains provisions granting the Placing Agents the right to terminate the obligations of the Placing Agents thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraphs headed “Placing Agreement I for Unsubscribed Rights Shares and the NQS Unsold Rights Shares” and “Placing Agreement II for Unsubscribed Rights Shares and the NQS Unsold Rights Shares” in the Letter from the Board. If the Placing Agreements are terminated by the Placing Agents respectively, or does not become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 25 June 2025 to Thursday, 3 July 2025 (both days inclusive). If the condition of the Rights Issue is not fulfilled or the Placing Agreements are terminated by the Placing Agents, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 25 June 2025 to Thursday, 3 July 2025 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed.

Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers.

23 June 2025

NOTICES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the fulfilment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Proposed Rights Issue – Conditions of the Rights Issue” in this Prospectus.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the 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). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus and the PAL have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the section headed “Letter from the Board – Proposed Rights Issue – Rights of the Overseas Shareholders” in this Prospectus.

NOTICES

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this Prospectus.

DISTRIBUTION OF THE PROSPECTUS DOCUMENTS

Distribution of the Prospectus Documents (including this Prospectus) in jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) in possession of the Prospectus Documents should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. This Prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.

None of the Prospectus Documents will be registered under the securities laws of any jurisdiction other than Hong Kong and none of the Prospectus Documents will qualify for distribution under any of the relevant securities laws of any of the jurisdictions other than Hong Kong (save for any applicable exceptions as agreed by the Company). Accordingly, the Rights Shares in both nil-paid and fully-paid forms may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions other than Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions other than Hong Kong should refer to the paragraph headed “Rights of the Overseas Shareholders” under the section headed “Letter from the Board” in this Prospectus. For a description of certain restrictions regarding the taking up of the nil-paid Rights Shares for, and the offering and sale of, the Rights Shares in jurisdictions other than Hong Kong, please see the notices below.

FORWARD-LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof.

NOTICES

Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group's business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management's present expectations about future events. Management's present expectations reflect many assumptions regarding the Group's strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group's actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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EXPECTED TIMETABLE

The expected timetable for 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 |
|--|---------------------------------------|
| First day of dealings in nil-paid Rights Shares. | Wednesday, 25 June 2025 |
| Latest time for splitting the PAL. | 4:30 p.m. on Friday, 27 June 2025 |
| Last day of dealings in nil-paid Rights Shares. | Thursday, 3 July 2025 |
| Latest Time for Acceptance of and payment for the Rights Shares. | 4:00 p.m. on Tuesday, 8 July 2025 |
| Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements. | Friday, 11 July 2025 |
| Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and NQS Unsold Rights Shares available) | Monday, 14 July 2025 |
| Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements | Monday, 21 July 2025 |
| Latest Time for the Rights Issue to become unconditional and the Placing Long Stop Date. | 4:10 p.m. on Tuesday, 22 July 2025 |
| Announcement of results of the Rights Issue (including the results of the Placing and the Net Gain) | Tuesday, 29 July 2025 |
| Rights Issue settlement and Placing completion date | Wednesday, 30 July 2025 |
| Despatch of share certificates for fully-paid Rights Shares and/or refund cheques if terminated | Wednesday, 30 July 2025 |
| Commencement of dealings in fully-paid Rights Shares | Thursday, 31 July 2025 |
| Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any). | Wednesday, 6 August 2025 |

EXPECTED TIMETABLE

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this Prospectus 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” in this Prospectus 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.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings:

| | |
|---|---|
| “Adjusted Share(s)” | the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective |
| “Advent Securities” or “Placing Agent I” | 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 |
| “Announcement” | the announcement of the Company dated 6 December 2024 in relation to, among other matters, the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder |
| “AP Securities” or “Placing Agent II” | Asia Pacific Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities as defined under the SFO |
| “associate(s)” | has the same meaning ascribed 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 reduction of the issued share capital of the Company whereby the issued share capital of the Company was reduced by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares of the Company of par value HK\$1.00 each, such that the par value of each issued Consolidated Share was reduced from HK\$1.00 to HK\$0.01 |

DEFINITIONS

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| “Capital Reorganisation” | the capital reorganisation involving the Share Consolidation, the Capital Reduction and the Share Subdivision |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “CCASS Operational Procedures” | the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time |
| “Circular” | the circular of the Company dated 25 February 2025 in relation to, among other matters, the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder |
| “Company” | Xinming China Holdings Limited, an exempted 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 Agents on a best-effort basis pursuant to the Placing Agreements in accordance with Rule 7.21(1)(b) of the Listing Rules |
| “connected person(s)” | has the same meaning ascribed thereto under the Listing Rules |
| “Consolidated Share(s)” | ordinary share(s) of par value 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 |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company held on Thursday, 13 March 2025 to consider and, if thought fit, approve, among other things, the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder |

DEFINITIONS

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| “Existing Share(s)” | ordinary share(s) of par value HK\$0.01 each in the share capital of the Company, prior to the Capital Reorganisation becoming effective |
| “General Rules of CCASS” | the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures |
| “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, which has been established to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder |
| “Independent Financial Adviser” | Ample Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities and the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder |
| “Independent Shareholder(s)” | Shareholder(s) excluding (i) the controlling shareholder and their associates; (ii) all Directors (excluding the independent non-executive Directors) and their respective associates (as defined under the Listing Rules); (iii) those who are involved in or interested in the Rights Issue and the Placing Agreement (as the case may be); and (iv) those that are required under the Listing Rules to abstain from voting at the EGM |

DEFINITIONS

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| “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 and not connected with 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 of the Shares on the Stock Exchange immediately prior to the publication of the Announcement |
| “Latest Practicable Date” or “Latest Practicable Day” | 17 June 2025, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein |
| “Latest Time for Acceptance” | 4:00 p.m. on Tuesday, 8 July 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, restated or supplemented from time to time |
| “Mr. Chen” | Mr. Chen Chengshou, an executive Director, chairman and chief executive officer of the Company |
| “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 Agents under the Placing Agreements |

DEFINITIONS

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| “No Action Shareholder(s)” | Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under the 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 are lapse, or Non-Qualifying Shareholders (as the case may be) |
| “Non-Qualifying Shareholder(s)” | those Overseas Shareholder(s) to 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)” | Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) which is/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)” | professional, individuals, corporate, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies), procured by the Placing Agents and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreements |
| “Placing” | the placing of the Placing Shares on a best-effort basis by the Placing Agents and/or its sub-placing agent(s) to the Placees on the terms and conditions of the Placing Agreements |
| “Placing Agents” | Placing Agent I and Placing Agent II |
| “Placing Agreement I” | the placing agreement dated 6 December 2024 entered into between the Company and Placing Agent I in relation to the placing of the Placing Shares |

DEFINITIONS

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| “Placing Agreement II” | the placing agreement dated 16 June 2025 entered into between the Company and Placing Agent II in relation to the placing of the Placing Shares |
| “Placing Agreements” | Placing Agreement I and Placing Agreement II |
| “Placing Long Stop Date” | 4:10 p.m. on Tuesday, 22 July 2025 or such later date as the Company and the Placing Agents may agree in writing |
| “Placing Period” | the period from Monday, 14 July 2025 to Monday, 21 July 2025, or such other dates as the Company may announce, being the period during which the Placing Agents 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 Prospectus, 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, 23 June 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” | Wednesday, 4 June 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 Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong |

DEFINITIONS

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|------------------------------|---|
| “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 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “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 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 Option Scheme” | the share option scheme adopted by the Company pursuant to a written resolution of the Shareholders passed on 8 June 2015 |
| “Share Subdivision” | the subdivision of each of the authorised but unissued Consolidated Shares of par value of HK\$1.00 each into one hundred (100) Adjusted Shares of par value 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 |

DEFINITIONS

“Unsubscribed Rights Shares” the Rights Shares that are not subscribed by the Qualifying Shareholders

“%” per cent.

LETTER FROM THE BOARD



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)

Executive Director:

Mr. Chen Chengshou

(chairman and chief executive officer)

Non-executive Director:

Mr. Cao Zhiqiang

Independent Non-executive Directors:

Ms. Chan Wai Yan

Ms. Huang Chunlian

Ms. Lee Yin Man

Registered Office:

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

Headquarters in the PRC:

Block I, 5th Floor, Hengli Building

No. 5 Huang Long Road, Hangzhou

Zhejiang Province, the PRC

*Principal Place of Business
in Hong Kong:*

Unit D, 7/F

Kee Shing Centre

74-76 Kimberley Road

Tsim Sha Tsui, Kowloon

Hong Kong

23 June 2025

To the Qualifying Shareholders and,

for information purposes only, the Non-Qualifying Shareholders,

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) ADJUSTED SHARE HELD
AT THE CLOSE OF BUSINESS ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

LETTER FROM THE BOARD

INTRODUCTION

References are made to the Announcement and the Circular in relation to, among other things, the Rights Issue and the transactions contemplated thereunder.

At the EGM held on Thursday, 13 March 2025, the necessary resolutions for approving, among other things, the Rights Issue and the transactions contemplated thereunder were duly passed by the Independent Shareholders.

The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue, including the procedures for application and payment and/or transfer of the Rights Shares provisionally allotted to you; (ii) certain financial information of the Group; and (iii) other information in respect of the Group.

PROPOSED RIGHTS ISSUE

The Board proposes to conduct the Rights Issue on the basis of four (4) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders 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\$1.05 per Rights Share (on the basis that all the Rights Shares will be taken up) |
| Number of Shares in issue as at the Latest Practicable Date | : | 18,786,220 Adjusted Shares |
| Number of Rights Shares (Shares to be issued pursuant to the Rights Issue) | : | Up to 75,144,880 Rights Shares with an aggregate nominal value of HK\$751,448.80 |
| Total number of Adjusted Shares in issue upon completion of the Rights Issue | : | 93,931,100 Adjusted Shares |

LETTER FROM THE BOARD

Gross proceeds from the Rights Issue : Up to approximately HK\$84.2 million before expenses

As at the Latest Practicable Date, 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 Latest Practicable Date.

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).

As at the Latest Practicable Date, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

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 25.3% to the closing price of HK\$1.50 per Adjusted Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) 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;
- (iii) 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;

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- (iv) 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
- (v) 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 the Announcement and adjusted for the effect of the Capital Reorganisation).

The Subscription Price was determined with reference to (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 THE 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 best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

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. The Company have approached several financial institutions to explore the possibility or interest in acting as the underwriter/placing agent of the Company in respect of the Rights Issue. The Placing Agents were the only ones who responded to the Company and expressed its interest in acting as the placing agent of the Company. As such, the Company, having considered the costs and unfavourable feedback of underwriting services and the proposed terms of the Rights Issue and the Subscription Price, subsequently decided that the conducting of the Rights Issue on a non-underwritten basis with a Placing arrangement. 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 Agents 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. In light of the above arrangements and the fact that the Rights Issue (including the ratio of the Rights Issue and the Subscription Price) would provide funds for imminent funding needs of the Company and thereby providing a higher liquidity to increase the Group's operational flexibility. Thus, the Directors consider that the terms of the Rights Issue are in the interests of the Company and the Shareholders as a whole.

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;

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- (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 Prospectus 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 is capable of being waived. If any of the above conditions are not satisfied at or before 4:10 p.m. on Tuesday, 22 July 2025 (or such later date as the Company may determine), the Rights Issue shall terminate and no party will have any claim against any other party for costs, damages, compensations or otherwise.

As at the Latest Practicable Date, save and except for conditions (i) and (ii), none of the conditions have been fulfilled.

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

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Undertaking

The Company has not received, as at the Latest Practicable Date, any irrevocable undertaking from any substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

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.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

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.

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Rights of the Overseas Shareholders

Based on the register of members of the Company as at the Latest Practicable Date, there were two (2) Overseas Shareholders, details of which are as follows:

| Address | Number of Shareholder(s) | Number of Adjusted Shares held | Approximate percentage of the issued share capital of the Company |
|----------------------------|--------------------------|--------------------------------|---|
| People's Republic of China | 2 | 518,420 | 2.76% |
| Total | 2 | 518,420 | 2.76% |

Save for the two (2) Overseas Shareholders with registered addresses located in the PRC, there were no other Overseas Shareholders based on the register of members of the Company as at the Latest Practicable Date.

The Directors, in accordance with the Rule 13.36(2)(a), have made inquiries with the legal adviser in the PRC on the feasibility of extending the offer of the Rights Issue to such Overseas Shareholders.

On the basis of the results of such enquiries obtained, the Directors are of view that there are no legal restrictions under the laws of or the requirements of the relevant regulatory bodies or stock exchange in the PRC with respect to the offer of the Rights Shares to the Overseas Shareholders with registered addresses in such jurisdictions as at the Latest Practicable Date. Accordingly, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered addresses in the PRC and such Overseas Shareholders are considered as Qualifying Shareholders.

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 reserves the right to treat as invalid any acceptance of or application 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.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

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

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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.

Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders for their information only on the Prospectus Posting Date, but will not send any PAL to them.

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.

Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. As PAL is a form of temporary document of title, it will be despatched to the Qualifying Shareholder(s) in printed form. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 8 July 2025. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "XINMING CHINA HOLDINGS LIMITED – A/C NO 2" and crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Tuesday, 8 July 2025, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

LETTER FROM THE BOARD

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Friday, 27 June 2025 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of the rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights. The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be given in respect of any application monies received.

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.

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 Placing Agreement I with Placing Agent I in

LETTER FROM THE BOARD

relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent Placees on a best-effort basis. Further, on 16 June 2025, the Company entered into Placing Agreement II with Placing Agent II 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 Agreements, the Company appointed the Placing Agents 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 Agents will on a best-effort basis, procure, by not later than Monday, 21 July 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 I for Unsubscribed Rights Shares and the NQS Unsold Rights Shares

On 6 December 2024 (after trading hours of the Stock Exchange), the Company and Placing Agent I entered into Placing Agreement I, pursuant to which Placing Agent I has agreed to procure Placee(s), on a best-effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of Placing Agreement I are summarised below:

Date : 6 December 2024 (after trading hours)

Issuer : The Company

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Placing Agent I : Advent Securities (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO, was appointed as Placing Agent I to procure, on a best-effort basis, Placees to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period.

Placing Agent I 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 Monday, 14 July 2025 to Monday, 21 July 2025.

Commission and expenses : Placing Agent I 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 Placing Agent I.

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 Placing.

Placees : The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies).

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.

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Conditions
Precedent : The obligations of Placing Agent I and the Company under Placing Agreement I are conditional upon, among others, the following conditions being fulfilled or being waived by Placing Agent I 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 Placing Agreement I 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) Placing Agreement I not having been terminated in accordance with the provisions thereof.

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

Termination : Placing Agreement I shall end on Tuesday, 22 July 2025 or any other date by mutual written agreement between Placing Agent I and the Company.

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

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Placing Completion : Completion is expected to take place within eleven (11) 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 Placing Agreement I or such other date as the Company and Placing Agent I may agree in writing.

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

The engagement between the Company and Placing Agent I in respect of the Placing Shares (including the commission and expenses payable) was determined after arm's length negotiation between Placing Agent I 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 I in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms.

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

Details of Placing Agreement II are summarised below:

Date : 16 June 2025 (after trading hours)

Issuer : The Company

LETTER FROM THE BOARD

Placing Agent II : Asia Pacific Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities as defined under the SFO, was appointed as Placing Agent II to procure, on a best-effort basis, Placees to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period.

Placing Agent II 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 Monday, 14 July 2025 to Monday, 21 July 2025.

Commission and expenses : Placing Agent II 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 Placing Agent II.

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 Placing.

Placees : The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies).

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.

LETTER FROM THE BOARD

Conditions : The obligations of Placing Agent II and the Company
Precedent under Placing Agreement II are conditional upon, among others, the following conditions being fulfilled or being waived by Placing Agent II 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 Placing Agreement II 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) Placing Agreement II not having been terminated in accordance with the provisions thereof.

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

Termination : Placing Agreement II shall end on Tuesday, 22 July 2025 or any other date by mutual written agreement between Placing Agent II and the Company.

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

LETTER FROM THE BOARD

Placing Completion : Completion is expected to take place within eleven (11) 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 Placing Agreement II or such other date as the Company and Placing Agent II may agree in writing.

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

The engagement between the Company and Placing Agent II in respect of the Placing Shares (including the commission and expenses payable) was determined after arm's length negotiation between Placing Agent II and the Company and is on normal commercial terms with reference to Placing Agreement I, 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 II in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms and appointing a placing agent with identical major terms as Placing Agreement I will provide broader investor reach and increased distribution capacity, which is in the interest of the Company and the Shareholders as a whole.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agents 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 Company will ensure that it will continue to comply at all times with the public float requirement under Rule 8.08 after the Placing and the Rights Issue. After the Placing Period, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after completion of the Placing and Rights Issue, further announcement(s) will be made by the Company.

LETTER FROM THE BOARD

The Board considers that the Compensatory Arrangements are fair and reasonable and provides adequate safeguard to protect the interests of the Company's minority Shareholders since:

- (i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agents and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by the licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the Placing Shares. The terms and the conditions of the Placing Agreements (including the placing commission) are normal commercial terms or better, are in the best interest of the Company and the Shareholders as a whole; and
- (iii) 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. Besides, the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company. As such, the Board considered that the absence of excess application arrangement is acceptable.

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 Wednesday, 30 July 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 Wednesday, 30 July 2025 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

LETTER FROM THE BOARD

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.

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 equity or debt 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 THE 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\$84.2 million and HK\$78.3 million, respectively.

LETTER FROM THE BOARD

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\$72.0 million) for settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings and other payables and accruals of the Group; and
- (ii) approximately 8% (being approximately HK\$6.3 million) as general working capital of the Group, including but not limited to its daily operational expenses of the Group for the forthcoming six 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.

Set out below are the details of the Group's indebtedness as at 31 December 2024:

| | Effective interest rate | Maturity | RMB'000 (unaudited) |
|--|------------------------------------|--------------------------------------|--------------------------------|
| Current portion of long term bank and other borrowings | 6.8–11.5 | On demand or payable within one year | 1,212,708 |
| Convertible bonds | 7.5 | On demand or payable within one year | 282,125 |

The management of the Company has been in continuous discussions with the major lenders of the Group in relation to the outstanding amounts and reducing the accumulated bank interest and penalty interest. The offer of partial repayment will aid in the said negotiation of the terms of the borrowings.

LETTER FROM THE BOARD

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 fulfil 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 fair and reasonable and in the best 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.

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 Latest Practicable Date.

INFORMATION ON THE PARTIES

Information on the Group

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Stock Exchange. The Group is principally engaged in the property development, property investment and property leasing in the PRC.

Information on Placing Agent I

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.

LETTER FROM THE BOARD

Information on Placing Agent II

Asia Pacific Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities as defined under the SFO.

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.

It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of, any person resulting from subscribing for, purchasing, holding, exercising, disposing of or dealings in any rights in relation to the Rights Shares in both their nil-paid and fully-paid form.

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

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 “Proposed Rights Issue – Conditions of the Rights Issue” in this Prospectus.

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.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Existing 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).

Any Shareholder or other person dealing in the Existing 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 4:10 p.m. on Tuesday, 22 July 2025, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

LETTER FROM THE BOARD

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 Latest Practicable Date; (ii) immediately after the completion of the Rights Issue (assuming full acceptance by all Qualifying Shareholders under the Rights Issue); and (iii) immediately after the completion of the Rights Issue (assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing):

| Shareholders | As at the Latest Practicable Date | | Immediately after the completion of the Rights Issue (assuming full acceptance by all Qualifying Shareholders under the Rights Issue) | | Immediately after the completion of the Rights Issue (assuming (a) no 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 | % |
| Proyan Consultancy Limited (Note 1) | 1,878,622 | 10.0% | 9,393,110 | 10.0% | 1,878,622 | 2.0% |
| Xinxing Company Limited (Note 2) | 243,300 | 1.3% | 1,216,500 | 1.3% | 243,300 | 0.3% |
| Placees | – | – | – | – | 75,144,880 | 80.0% |
| Other public Shareholders | 16,664,298 | 88.7% | 83,321,490 | 88.7% | 16,664,298 | 17.7% |
| Total | <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:

- Proyan Consultancy Limited is a company incorporated in Hong Kong with limited liability. Mr. Yau Yan Yuen held the entire issued share capital of Proyan Consultancy Limited and was deemed to be interested in the 1,878,622 Shares in which Proyan Consultancy Limited was interested pursuant to the SFO.
- Xinxing Company Limited is a company wholly owned by Mr. Chen. Accordingly, Mr. Chen is deemed to be interested in the same number of Shares in which Xinxing Company Limited is interested by virtue of the SFO.
- 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 any of the placees subscribes for 10% or more of the Shares under the Placing, he/she/it will become a substantial Shareholder after completion of the Placing. The Company will at all time and continue to comply with the public float requirements under Rule 8.08 of the Listing Rules before and after completion of the Rights Issue.

LETTER FROM THE BOARD

5. Shareholders and public investors should note that the above shareholding scenarios are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

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.

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 Latest Practicable Date (after taking into account the effect of the Capital Reorganisation), 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 the EGM, the Company does not have any controlling shareholders. Mr. Chen, an executive Director, chairman and the chief executive officer of the Company, is interested in the 243,300 Shares beneficially owned by Xinxing Company Limited, a company wholly owned by Mr. Chen, representing approximately 1.3% of the total issued Shares. Ms. Gao Qiaoqin (the spouse of Mr. Chen), a non-executive Director, is also deemed to be interested in the 243,300 Shares beneficially owned by Xinxing Company Limited by virtue of the SFO. Therefore, Mr. Chen, Ms. Gao Qiaoqin and their respective associates shall abstain from voting in favour of the resolutions approving the Rights Issue and the transactions contemplated thereunder in accordance with Rule 7.27A(1) of the Listing Rules at the EGM. As at the date of the EGM, save for Mr. Chen and Ms. Gao Qiaoqin, none of the Directors or chief executives of the Company had any interest in the Shares.

As disclosed in the announcement of the Company dated 13 March 2025, at the EGM which was held on Thursday, 13 March 2025, the resolutions approving, among other matters, the Rights Issue and the transactions contemplated thereunder were duly passed by the Independent Shareholders by way of poll. Mr. Chen, Ms. Gao Qiaoqin and their respective associates were required to abstain and had so abstained from voting in favour of the proposed resolution approving the Rights Issue and the transactions contemplated thereunder at the EGM in accordance with Rule 7.27A of the Listing Rules. Save for Mr. Chen and Ms. Gao Qiaoqin, no other Shareholder was required to abstain from voting for the proposed resolutions at the EGM.

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.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
By order of the Board
Xinming China Holdings Limited
Cao Zhiqiang
Non-executive Director

1. SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the year ended 31 December 2022 have been set out on pages 130 to 236 in the annual report 2022 of the Company which was published on 21 March 2025 on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.xinm.net.cn>). Please also see below the link to the annual report 2022 of the Company:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0321/2025032100013.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2023 have been set out on pages 130 to 228 in the annual report 2023 of the Company which was published on 21 March 2025 on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.xinm.net.cn>). Please also see below the link to the annual report 2023 of the Company:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0321/2025032100029.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2024 have been set out on pages 133 to 224 in the annual report 2024 of the Company which was published on 30 April 2025 on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.xinm.net.cn>). Please also see below the link to the annual report 2024 of the Company:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043004215.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 April 2025, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

Other borrowings

| | <i>Note</i> | As at 30 April 2025 RMB'000 |
|---|-------------|--|
| Other borrowings – unsecured and guaranteed | (a) | 1,212,708 |

Note:

- (a) As at 30 April 2025, other borrowings of approximately RMB1,209,000 were guaranteed by the director of the Company.

Convertible bonds

As at
30 April 2025
RMB'000

| | |
|-------------------|-------------|
| Convertible bonds | 279,486,000 |
|-------------------|-------------|

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have at the close of business on 30 April 2025 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, debt securities, term loans and other borrowings, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, taking into consideration the Group's present financial resources and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements for at least the twelve (12) months from the date of this Prospectus in the absence of any unforeseen circumstances.

4. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

The Group generated revenue of approximately RMB35.2 million during the year ended 31 December 2022 (“FY2022”), the decrease in revenue compared to the year ended 31 December 2021 is mainly due to the negative impact of COVID-19 and the outbreaks of property developers' credit crises, which dampened market sentiment in the property sector. The Group generated revenue of approximately RMB422.6 million during the year ended 31 December 2023 (“FY2023”), despite the market sentiments in the property sector remaining unchanged, the increase in revenue is due to completion of the second and third phases of the residential development of Shandong Tengzhou Xingmeng International Commercial City (山東滕州興盟國際商城) (the “Shandong Project”), and delivery of the properties to the customers during the year. The Group generated revenue of approximately RMB86.8 million during the year ended 31 December 2024 (“FY2024”), this is mainly attributable to the completion of sale of commercial

properties in the second and third phases of the Shandong Project, which had been affected by the overall downturn in the PRC property market.

The Group recorded gross profit of approximately RMB20.0 million during FY2022, representing a gross profit margin of approximately 56.9%. The Group generated gross profit of approximately RMB53.4 million and RMB20.7 million for FY2023 and FY2024, respectively, representing a gross profit margin of approximately 12.6% and 23.8%, respectively. The decrease in gross profit margin for FY2023 and FY2024 is mainly due to the sale of Shandong residential properties held for sale at a lower price due to the negative market sentiments, which had stabilised and improved slightly in FY2024 due to cost control measures implemented by the Group for the Shandong residential properties held for sale.

The Group recorded loss for the year of approximately RMB2,389.6 million during FY2022, this is mainly attributable to (i) a change in fair value of investment properties of approximately RMB(1,082.9) million; (ii) loss on disposal of investment property of approximately RMB686.6 million; (iii) other expenses of approximately RMB623.7 million, which is mainly liquidated damages on borrowings and impairment loss on properties; and (iv) net loss on court-ordered sale of properties of approximately RMB280.8 million. The Group recorded loss for the year of approximately RMB592.6 million during FY2023. This is mainly attributable to other expenses of approximately RMB444.1 million, which is mainly liquidated damages on borrowings. The Group recorded loss for the period of approximately RMB542.5 million during FY2024. This is mainly attributable to other expenses of approximately RMB473.8 million, which is mainly liquidated damages on borrowings.

Looking ahead to 2025, it is expected that China's macro-economy will remain steady, with various cities relaxing restrictions on purchases and loans, followed by the introduction of "three-arrow" measures such as guaranteeing the delivery of properties, credit, debt issuance and equity financing, which are all favourable to real estate enterprises. The property market and investment sentiment is expected to gradually stabilise and recover. In the National Economic Programme of the 20th National Congress of the PRC government, the PRC government stated that it is required to maintain stable and healthy development of the real estate market, and adhere to the principle of "housing is for living in and not for speculation". As China's demographic structure gradually increases the rate of urbanisation and the economies of third and fourth tier cities are expected to grow, the development of real estate investment is expected to become the focus of the market. The Group will actively accelerate its de-stocking of completed properties while exploring feasibility of assets revitalisation, including but not limited to changing of property use and sale of properties in its entirety. Furthermore, the Group will negotiate with different financial institutions in respect of its outstanding borrowings, with a view to improving its liability and financial gearing conditions.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE LIABILITIES**

The following is the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company (the “Unaudited Pro forma Financial Information”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible liabilities of the Group attributable to equity holders of the Company as if the Rights Issue had been completed on 31 December 2024. As it is prepared for illustrative purpose only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible liabilities of the Group attributable to equity holders of the Company had the Rights Issue been completed as at 31 December 2024 or at any future date.

The Unaudited Pro Forma Information is prepared based on the audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2024 as derived from the Group's published annual report for the year ended 31 December 2024 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed as at 31 December 2024.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

| | | Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2024 | Audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company per share as at 31 December 2024 before the completion of the Right Issue | Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2024 immediately after completion of the Rights Issue |
|--|--|--|---|--|
| | Audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2024 (Note 1) HK\$'000 | Estimated net proceeds from the Rights Issue (Note 2) HK\$'000 | | |
| Based on 75,144,880 Rights Shares to be issued at the Subscription Price of HK\$1.12 per Rights Share | (3,452,112) | 78,302 | (3,373,810) | (183.76) |
| | | | | (35.92) |

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to equity holders of the Company of HK\$3,452,112,000 as at 31 December 2024 is extracted from the annual report of the Company for the year ended 31 December 2024. The amount is based on deducting non-controlling interests of approximately HK\$324,305,000 from the total deficit of approximately HK\$3,776,417,000. Based on an exchange rate of RMB1 to HK\$1.064 as at 31 December 2024.
2. The estimated net proceeds from the Rights Issue are based on 75,144,880 Rights Shares (calculated on the basis of four Rights Shares for every one consolidated share held on record date, details as disclosed in note 3) to be issued at the subscription price of HK\$1.12 per Rights Share, after deducting the estimated related expenses of HK\$5,860,000 to be incurred by the Group.
3. The number of Shares and audited consolidated net tangible liabilities attributable to owners of the Company used for the calculation of the unaudited pro forma adjusted consolidated net tangible liabilities of the Group per Share attributable to the owners of the Company before the completion of the Rights Issue, is based on 18,786,220 Adjusted Shares (equivalent to 1,878,622,000 Existing Shares) in issue as at 31 December 2024 and approximately HK\$3,452,112,000 as at 31 December 2024 respectively.
4. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2024 per Share immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2024 of HK\$3,373,810,000 divided by 93,931,100 shares in issue upon completion of the Rights Issue, which comprises 18,786,220 Adjusted Shares in issue before the Rights Issue and 75,144,880 Rights Shares to be issued under the Rights Issue.

The 18,786,220 Adjusted Shares in issue is calculated based on the Existing Shares in issue of 1,878,622,000 as at 31 December 2024 which are adjusted for the Capital Reorganisation.

5. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

(B) REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Global Link CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.



Unit 21A, 15/F, Star House,
3 Salisbury Road, TST, Kowloon, Hong Kong
General Line: (852) 3580 0885
Fax: (852) 3580 0772
Website: <https://globallinkcpa.com/>

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****The Board of Directors of Xinming China Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Xinming China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at 31 December 2024 and related notes as set out on in appendix II of the prospectus issued by the Company dated 23 June 2025 (the "Prospectus") issued in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on page II-1 to II-2 in the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue of the Company on the basis of four rights shares for every one consolidated share held on the record date on a non-underwritten basis (the "Rights Issue") on the Group's financial position as at 31 December 2024 as if the Rights Issue had taken place at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's condensed consolidated financial statements for the year ended 31 December 2024, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited pro forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for

Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management (“HKSQM”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Global Link CPA Limited
Certified Public Accountants
Hong Kong
23 June 2025

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue will be, as follows:

(i) As at the Latest Practicable Date

| | Number of Shares | Nominal value of Shares HK\$ |
|-----------------------|-----------------------------|---|
| Authorised | 10,000,000,000 | 100,000,000.00 |
| Issued and fully paid | <u>18,786,220</u> | <u>187,862.20</u> |

(ii) Immediately after completion of the Rights Issue

| | Number of Shares | Nominal value of Shares HK\$ |
|--|-----------------------------|---|
| Authorised | <u>10,000,000,000</u> | <u>100,000,000.00</u> |
| Issued and fully paid | 18,786,220 | 187,862.20 |
| Rights Shares to be issued | <u>75,144,880</u> | <u>751,448.80</u> |
| Shares in issue immediately after the Rights Issue | <u>93,931,100</u> | <u>939,311.00</u> |

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.

As at the Latest Practicable Date, the Group had no options outstanding under the Share Option Scheme or outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

The Company will apply to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the equity or debt securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

| Name of Director/Chief Executive | Capacity | Number of Shares held – long position | Approximate percentage of the issued share capital of the Company |
|--|---|---|--|
| Mr. Chen | Interest of controlled corporation (<i>Note</i>) | 243,300 | 1.3% |

Note: 243,300 Shares are registered in the name of Xinxing Company Limited which is wholly-owned by Mr. Chen.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company and their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to the Directors, the persons or companies (other than the Directors and the chief executives of the Company) who/which had an interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO, are set out below:

| Name of Shareholder | Capacity | Number of Shares held – long position | Approximate percentage of the issued share capital of the Company |
|--|------------------------------------|---------------------------------------|---|
| Proyan Consultancy Limited (<i>Note</i>) | Beneficial owner | 1,878,622 | 10.0% |
| Yau Yan Yuen (<i>Note</i>) | Interest of controlled corporation | 1,878,622 | 10.0% |

Note: Proyan Consultancy Limited is a company incorporated in Hong Kong with limited liability. Mr. Yau Yan Yuen held the entire issued share capital of Proyan Consultancy Limited and was deemed to be interested in the 1,878,622 Shares in which Proyan Consultancy Limited was interested.

Save as disclosed above, the Directors are not aware of any other persons or companies (other than the Directors and the chief executive of the Company) or any director or proposed director is a director or employee of a company who/which, as at the Latest Practicable Date, had interests or short positions in the Shares or underlying Shares of the Company, which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register required to be kept by the Company under section 336 of the SFO.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors were interested in any business which competed or was likely to compete directly or indirectly with the businesses of the Group.

5. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this Prospectus and which was significant in relation to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

On 31 October 2023, there was a litigation initiated by a lender of the Group in the PRC requesting a subsidiary of the Group to settle the borrowing along with the defaulted interest in the sum of RMB117.28 million (the “**Legal Proceedings**”). As of the date of these consolidated financial statements and up to the approval date of these consolidated financial statements, the Legal Proceedings have not been concluded and the likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the management of the Group believes that any possible legal liability which may be incurred from the aforesaid case will not have any material impact on the financial position or results of the Group.

As at the Latest Practicable Date, save as disclosed above, neither the Company nor any member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Group.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this Prospectus:

| Name | Qualification |
|-------------------------|-----------------------------|
| Global Link CPA Limited | Certified Public Accountant |

As at the Latest Practicable Date, the above expert had given and had not withdrawn its written consent to the issue of this Prospectus, with the inclusion of the references to its name and/or their opinion or report in the form and context in which it is included.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

Save for the Placing Agreements, no material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or any other its subsidiaries within two years immediately preceding the date of this Prospectus and up to the Latest Practicable Date.

10. CORPORATE INFORMATION

| | |
|--|---|
| Executive Director | Mr. Chen Chengshou <i>(Chairman and Chief Executive Officer)</i> |
| Non-executive Director | Mr. Cao Zhiqiang |
| Independent Non-executive Directors | Ms. Chan Wai Yan Ms. Huang Chunlian Ms. Lee Yin Man |
| Authorised representatives | Mr. Kam Chun Ying Francis Mr. Cao Zhiqiang |
| Company Secretary | Mr. Kam Chun Ying Francis <i>(Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants)</i> |

| | |
|--|---|
| Business address of all the Directors and senior management | Unit D, 7/F Kee Shing Centre 74–76 Kimberley Road Tsim Sha Tsui, Kowloon Hong Kong |
| Registered office | Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands |
| Principal place of business in Hong Kong | Unit D, 7/F Kee Shing Centre 74–76 Kimberley Road Tsim Sha Tsui, Kowloon Hong Kong |
| Headquarters in the PRC | Block I, 5th Floor, Hengli Building No. 5 Huang Long Road, Hangzhou Zhejiang Province, the PRC |
| Branch share registrar and transfer office in Hong Kong | Tricor Investor Services Limited 17th Floor, Far East Finance Centre 16 Harcourt Road Hong Kong |
| Principal banker | DBS Bank (Hong Kong) Limited 11th Floor, The Center 99 Queen's Road Central Central, Hong Kong Industrial and Commercial Bank of China, Tengzhou Branch 1/F, Zhongwan International Jinghe Middle Road Tengzhou City, Shandong Province, PRC Agricultural Bank of China, Branch of Datong Road, Tengzhou 1/F, Minzu Building Tengzhou Railway Station Square Tengzhou City, Shandong Province, PRC |

China Construction Bank,
Branch of Datong Road, Tengzhou
1 Datong Road
Tengzhou City, Shandong Province, PRC

Agricultural Bank of China,
Taizhou Jiazhi Branch
No. 101–108, Building 1
No. 8 North Section of Taizhou Avenue
Jiazhi Street
Taizhou City, Zhejiang Province, PRC

Taizhou Bank, Hongjia Branch
No. 399 Hongzhou Avenue
Hongjia Street, Jiaojiang District
Taizhou City, PRC

Auditor

Global Link CPA Limited
Certified Public Accountants
Unit 21A, 15/F, Star House
3 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

11. PARTIES INVOLVED IN THE RIGHTS ISSUE**Company**

Xinming China Holdings Limited
Unit D, 7/F
Kee Shing Centre
74–76 Kimberley Road
Tsim Sha Tsui, Kowloon
Hong Kong

Reporting accountant of the Company

Global Link CPA Limited
Certified Public Accountants
Unit 21A, 15/F, Star House
3 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

Financial adviser to the Company

Advent Corporate Finance Limited
Unit A–C, 11/F
Kee Shing Centre
74–76 Kimberley Road
Kowloon, Hong Kong

| | |
|--|---|
| Independent Financial Adviser | Ample Capital Limited Room 903 Far East Consortium Building 121 Des Voeux Road Central Central, Hong Kong |
| Placing Agent I | Advent Securities (Hong Kong) Limited Unit A-C, 11/F Kee Shing Centre 74-76 Kimberley Road Kowloon, Hong Kong |
| Placing Agent II | Asia Pacific Securities Limited Flat 6701 & 6708 Central Plaza 18 Harbour Road Wan Chai, Hong Kong |
| Legal Adviser to the Company as to Hong Kong laws | ZM Lawyers 20/F, Central 88 Nos. 88-98 Des Voeux Road Central Central Hong Kong |

12. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Director

Mr. Chen Chengshou, aged 59, was appointed as an executive Director, the chairman, chief executive officer, chairman of the Nomination Committee and an authorized representative of the Company on 16 January 2014. Mr. Chen ceased to be an authorized representative of the Company as a result of his intention to concentrate on his other role on the Board on 5 February 2020. He is the founder of the Group and primarily responsible for corporate strategic planning and overall business development of the Group. Mr. Chen had over 30 years of experience in the real estate industry. He has been the chairman of the board of Taizhou City Xinming Real Estate Development Company Limited* (台州市新明房地產開發有限公司) since February 2007 and a director of certain subsidiaries of the Group. Mr. Chen has been first participated in the management of the property development business in the PRC since June 2001 when he was appointed as the chairman of Hangzhou Taoyuan Shanzhuang Property Development Limited* (杭州桃源山莊房地產開發有限公司) (“**Taoyuan Property**”).

Mr. Chen is the chairman of Hangzhou City Chamber of Commerce for Enterprises Invested in Hangzhou* (杭州市來杭投資企業(商會)聯合會), a member of the standing committee of Federation of Industry & Commerce of Zhejiang Province* (浙江省工商聯), the vice-chairman of Hangzhou Public Diplomacy Association* (杭州公共外交協會), a member of the Eleventh Hangzhou City Committee of the Chinese People’s Political Consultative Conference* (中國人民政治協商會議第十一屆杭州市委員會), the honorary chairman of the Hangzhou City Wenzhou Chamber of Commerce* (杭州市溫州商會), the

chairman of the Nationwide Taishun Entrepreneurs Fellowship Association* (全國泰順企業家聯誼會) and the vice chairman of Hangzhou City Chamber of Commerce* (杭州市總商會). He was appointed as the deputy director of the market committee of Chinese General Chamber of Commerce* (中國商業聯合會) in March 2013. He has also been a director of Wenzhou Bank since November 2012 and a part-time tutor of master degree in international business of Zhejiang University (浙江大學) since February 2014.

Mr. Chen was awarded “Excellent Entrepreneur of Hangzhou* (傑出杭商)” in October 2016, “Outstanding Contribution of Entrepreneurs of Wenzhou for years 2013 to 2015* (2013–2015年度溫商回歸突出貢獻人物)” in September 2016, “Top ten in Zhejiang Real Estate Industry in the “12th Five-Year Plan”* (「十二五」浙江房地產十大風雲人物)” in June 2016, “2016 Worldwide Outstanding 30 People of Entrepreneur of Wenzhou (External)* (二零一六年世界溫商百名風雲人物—在外傑出溫商三十人)” in February 2016; “Wenzhou People of the Year* (世界溫州人年度人物)” and “One Hundred Excellent Entrepreneur of Wenzhou* (世界溫商百名風雲人物)” in December 2014; “Entrepreneur with Good Character of Hangzhou* (品質杭商)” jointly by Hangzhou Municipal Committee of the Communist Party of China* (中共杭州市委) and The People’s Government of Hangzhou* (杭州市人民政府) in October 2013, “Outstanding Representative of Credible Entrepreneurs of Wenzhou* (誠信溫商傑出代表)” jointly by Promotion Department of Wenzhou Municipal Committee of the Communist Party of China* (溫州市委宣傳部) and Wenzhou Credibility Office* (溫州市信用辦公室) in August 2011, “Outstanding Builder of Socialist Undertaking* (優秀社會主義事業建設者)” jointly by Hangzhou Municipal Committee of the Communist Party of China* (中共杭州市委) and The People’s Government of Hangzhou* (杭州市人民政府) in September 2010 and “Staff Caring Excellent Entrepreneur* (關愛員工優秀企業家)” jointly by Federation of Trade Union of Hangzhou* (杭州市總工會) and Hangzhou Federation of Industry and Commerce (杭州市工商聯合會) in December 2009.

Mr. Chen obtained a graduation certificate in administrative management (through online courses) from Huazhong University of Science and Technology (華科技大學) in the PRC in July 2013. Mr. Chen obtained an executive master’s degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2015. Mr. Chen obtained a master’s degree in business administration from Tsinghua University in April 2018.

Non-executive Director

Mr. Cao Zhiqiang, aged 40, was appointed as a non-executive Director on 9 August 2024. He has 15 years of experience in financial audit, bank compliance risk control and government credit financing. Mr. Cao has served as senior management positions in various Chinese enterprises, including RSM China Accounting Firm (Special General Partnership) and China Everbright Bank Co., Ltd. Hefei Branch. Mr. Cao obtained a Bachelor’s Degree in Accounting from Anhui University of Finance and Economics (安徽財經大學) in China in July 2008.

Independent non-executive Directors

Ms. Chan Wai Yan, aged 30, was appointed as an independent non-executive Director on 11 April 2025. She obtained a bachelor's degree in Accounting from University of Hull in England. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants. Ms. Chan has over 8 years of financial and accounting experiences. Ms. Chan is currently an INED of Hope Life International Holdings Limited (stock code: 1683), since October 2023, an INED of Royal Century Resources Holdings Limited (stock code: 8125), since May 2024 and an independent non-executive director of OneConstruction Group Limited (Nasdaq stock code: ONEG) since the listing in December 2024.

Ms. Lee Yin Man, aged 42, was appointed as an independent non-executive Director on 9 August 2024. She has 15 years of experience in human resources management, administration, company secretarial services and corporate communications of various companies listed on the Stock Exchange. From August 2016 to January 2018, Ms. Lee served as the human resources director of China Innovation Investment Limited (stock code: 1217). From February 2018 to December 2019, Ms. Lee served as the administration and human resources manager of Hope Life International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1683). From January 2020 to March 2023, Ms. Lee served as the administration and human resources director of Greater Bay Convergence Services Limited. Ms. Lee holds a Bachelor of Arts Degree from the City University of Hong Kong and a Master Degree in Human Resources Management from Hong Kong Baptist University.

Ms. Huang Chun Lian, aged 30, was appointed as an independent non-executive Director on 9 August 2024. She has over 7 years of experience in finance and corporate management. Ms. Huang has served as the financial director of Shenzhen Guangyi Xiangtong Trading Company Limited.* (深圳市廣翔通貿易有限公司) since 2020. Ms. Huang obtained a Bachelor's Degree in Accounting from South China Normal University (華南師範大學) in China in 2020. Since July 2024, Ms. Huang has served as an independent non-executive director of Kidztech Holdings Limited, a company whose shares are listed on the Stock Exchange (Stock code: 6918). Since October 2024, Ms. Huang has also served as an independent non-executive director of China Resources and Transportation Group Limited, a company whose shares are listed on the Stock Exchange (Stock code: 269). From April 2024 to June 2024, Ms. Huang was also an independent non-executive director of Momentum Financial Holdings Limited, a company whose shares are listed on the Stock Exchange (Stock code: 1152).

Company Secretary

Mr. Kam Chun Ying Francis, aged 58, was appointed as the company secretary and the authorised representative on 1 July 2016. Mr. Kam graduated from Heriot-Watt University in the United Kingdom in November 2004 with a master's degree in business administration. He has been a fellow of the Hong Kong Institute of Certified Public Accountants since June 1996 and a fellow of the Association of Chartered Certified Accountants since June 2001.

Business address of the Directors and senior management

The business address of the Directors and the senior management is the same as the Company's head office and principal place of business in Hong Kong at Unit D, 7/F Kee Shing Centre, 74–76 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong.

13. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the placing of all Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agents), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$5.9 million, which are payable by the Company.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.xinm.net.cn>) for not less than 14 days from the date of this Prospectus:

- (a) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II to this Prospectus;
- (b) the material contracts referred in the paragraph headed “9. MATERIAL CONTRACTS” in this appendix; and
- (c) the written consents of each of the experts as referred to in the section headed “8. QUALIFICATION AND CONSENT OF EXPERT” in this appendix.

15. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance thereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

16. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (c) In the event of any inconsistency, the English texts of this Prospectus and the accompanying form of proxy shall prevail over their respective Chinese texts.

17. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “8. QUALIFICATION AND CONSENT OF EXPERT” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

* *For identification purpose only*