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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)

UPDATES IN RELATION TO THE DISCLAIMER OF OPINION SET OUT IN THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Reference is made to the annual report (the "**2024 Annual Report**") of Xinming China Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2024 published on 30 April 2025 and the announcements of the Company dated 30 June 2025, 10 October 2025 and 16 January 2026 in relation to the disclaimer of opinion set out in the 2024 Annual Report (the "**Announcement**"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the 2024 Annual Report and the Announcement.

The Board would like to provide updates in relation to the Disclaimer of Opinion set out in the 2024 Annual Report. During the period from 30 April 2025, being the date of publication of the 2024 Annual Report, and up to the date of this announcement, the following steps and measures have been implemented to mitigate the liquidity pressure, to improve the financial position of the Group and to address the Disclaimer of Opinion:

(i) Continuously negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests. The Management has been continuously negotiating with the Group's existing lenders on the renewal of or extension for repayment of outstanding borrowings such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default, including those with cross-default terms and hope to extend the due date and the repayment schedules of the outstanding borrowings.

As at the date of this announcement, based on the negotiations with the Group's existing lenders, the Management understands the existing lenders do not have intention to demand immediate repayment at the moment. The Company has partially repaid approximately HK$70 million of the debt and interests of the Group utilising the net proceeds of the Rights Issue and has negotiated a waiver of approximately HK$14 million of interests. Further, the holder of the Convertible Bonds has agreed not to demand repayment until 1 January 2027. The Board considers this will reduce the immediate financial burden of the Group significantly and have a positive impact on the financial position of the Group. The Management is in ongoing discussions with lenders and is developing a repayment plan to optimise the use of unutilised proceeds raised from the Rights Issue.

(ii) Continuously negotiating with various financial institutions and potential lenders/ investors to identify various opportunities for additionally financing the Group's working capital and commitments in the foreseeable future.

The Company completed the Rights Issue of 75,144,880 Rights Shares at a subscription price of HK$1.12 per Rights Share on the basis of four Rights Shares for every one adjusted Share. The Rights Issue was approved by the independent shareholders of the Company at an extraordinary general meeting convened by the Company on 13 March 2025 and dealings in the Rights Shares commenced on 31 July 2025. The gross proceeds raised from the Rights Issue were approximately HK$84.2 million and the net proceeds (after deducting the related expenses) from the Rights Issue were approximately HK$78.3 million. As at the date of this announcement the net proceeds from the Rights Issue was entirely utilised.

	Intended use of proceeds *HK$'000*	Actual use of proceeds *HK$'000*	Remaining balance of unutilised proceeds *HK$'000*
Settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings and other payables and accruals of the Group	72,038	72,038	–
General working capital	6,264	6,264	–
Total	78,302	78,302	–

(iii) Accelerating the pre-sale and sale of properties under development and completed properties, such as Shandong Project and controlling costs and containing capital expenditure so as to generate adequate net cash inflows for the Group. As at the date of this announcement, the construction of Block 9 and 16 of phase 4 of the Shandong Project was completed as planned and the said blocks were delivered since September 2025, given that revenue of the Group for the year ended 31 December 2025 amounted to approximately RMB109.5 million, representing an increase of approximately 26.0% as compared with the prior year.

(iv) Actively procuring and formulating the preliminary terms with large property developer to sell individual property development project or whole commercial property at an appropriate price. The Management is still identifying and negotiating terms with new investors to participate in investing Shanghai and Taizhou's renovation works in order to increase its underlying value and to accelerate the sale of commercial properties more rapidly and effectively. The Management estimated that most of the net proceeds from the Shanghai Project will be used for the repayment of the outstanding borrowing. The sale of the Shanghai Project might constitute a transaction of the Company subject to announcement pursuant to Chapter 14 of the Listing Rules and subject to the relevant requirements under the Listing Rules.

(v) Actively accelerate the de-stocking of its properties. The Company intends to sell the residential property in Shandong and the whole or portion of commercial properties in Taizhou, Hangzhou and Shanghai as a package, with a view to accelerating the recovery of working capital to improve its liability and financial gearing conditions.

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

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

By order of the Board
Xinming China Holdings Limited
Law Hok Yu
Company Secretary

Hong Kong, 31 March 2026

As at the date of this announcement, the executive Directors are Mr. Chen Chengshou and Mr. Shi Jianwen; and the independent non-executive Directors are Ms. Chan Wai Yan, Ms. Huang Chunlian and Ms. Lee Yin Man.