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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)

(1) PROPOSED SHARE CONSOLIDATION; AND (2) UPDATE ON THE RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Reference is made to (i) the Announcement dated 16 February 2026 in relation to, among other things, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; and (ii) the announcement of the Company dated 30 March 2026 in relation to the delay in despatch of the Circular.

PROPOSED SHARE CONSOLIDATION

The Company proposes to, as a condition precedent to the 2026 Rights Issue, implement the Share Consolidation on the basis that every twenty five (25) Existing Shares of par value of HK$0.01 each be consolidated into one (1) Consolidated Share of par value of HK$0.25 each.

As at the date of this announcement, there are 93,931,100 Existing Shares in issue. Upon the Share Consolidation becoming effective and assuming there is no change in the number of Shares in issue from the date of this announcement up to and including the effective date of the Share Consolidation, there will be 3,757,244 Consolidated Shares in issue.

The Share Consolidation is conditional upon, among other things, Shareholders' approval at the EGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, as none of the Shareholders or their associates have any material interest in the Share Consolidation, no Shareholder is required to abstain from voting on the resolution to approve the Share Consolidation at the EGM.

NO CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are currently traded on the Stock Exchange in a board lot size of 2,000 Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 2,000 Consolidated Shares per board lot.

UPDATE ON THE 2026 RIGHTS ISSUE

Subject to the Share Consolidation becoming effective, the Company proposes to amend the terms of the 2026 Rights Issue to take into account of the effect of the completion of the Share Consolidation. In this regard, the Company proposes conduct at the 2026 Rights Issue at the Subscription Price of HK$4.70 per Rights Share on the basis of six (6) Rights Shares for every one (1) Consolidated Share held on the Record Date to raise up to approximately HK$106.0 million (before expenses) by issuing up to 22,543,464 Rights Shares (assuming that, other than the Share Consolidation, there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date).

The estimated maximum net proceeds from the 2026 Rights Issue, if fully subscribed and after deducting the estimated expenses in relation to the 2026 Rights Issue, is expected to be up to approximately HK$101.4 million.

Other than the above, the other terms of the 2026 Rights Issue remain unchanged.

SUPPLEMENTAL PLACING AGREEMENT

As disclosed in the Announcement, pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Placing Shares (being the Unsubscribed Rights Shares and the NQS Unsold Rights Shares) by offering the same to independent placees for the benefit of the Shareholders to whom they are offered by way of the 2026 Rights Issue.

As disclosed in the Announcement, on 16 February 2026 (after trading hours), the Company and the Placing Agent entered into the Original Placing Agreement in relation to the placing of the Placing Shares to independent placees on a best-efforts basis.

On 22 April 2026 (after trading hours), the Company and the Placing Agent entered into the Supplemental Placing Agreement, pursuant to which the parties amended the terms of the Original Placing Agreement to take into account of the effect of the Share Consolidation and the revised expected timetable for the Share Consolidation and the 2026 Rights Issue. For further details, please refer to the section headed "PROCEDURES IN RESPECT OF THE UNSUBSCRIBED RIGHTS SHARES AND THE NQS UNSOLD RIGHTS SHARES AND THE COMPENSATORY ARRANGEMENTS – Supplemental Placing Agreement" of this announcement.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the 2026 Rights Issue will increase the total number of issued Existing Shares of the Company by more than 50% within twelve (12) month period immediately preceding the date of this announcement, the 2026 Rights Issue is conditional upon the Shareholders' approval at the EGM, and any controlling shareholder(s) of the Company and their associates, or where there are no controlling shareholder(s), 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 2026 Rights Issue and the Placing at the EGM.

As at the date of this announcement, 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 Existing Shares beneficially owned by Xinxing Company Limited, a company wholly-owned by Mr. Chen, representing approximately 0.26% of the total issued Existing Shares. Therefore, Mr. Chen and his associates shall abstain from voting in favour of the resolution(s) approving the 2026 Rights Issue, the Placing and the transactions contemplated thereunder at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. As at the date of this announcement, save for Mr. Chen, none of the Directors or chief executive of the Company had any interest in the Existing Shares.

The 2026 Rights Issue, together with the 2025 Rights Issue, does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the 2026 Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The EGM will be convened and held at 11:00 a.m. on Monday, 1 June 2026 for the Shareholders to consider, and, if thought fit, approve the Share Consolidation, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder.

The Circular containing, among other things, (i) further information regarding the Share Consolidation; (ii) further information regarding the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; (v) other information required under the Listing Rules; and (vi) a notice of the EGM is expected to be despatched to the Shareholders on or before Friday, 15 May 2026.

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

Shareholders and potential investors of the Company should note that the Share Consolidation is subject to the fulfilment of the conditions as set out in the section headed "(1) Proposed Share Consolidation – Conditions of the Share Consolidation" in this announcement. Therefore, if such conditions are not fulfilled, the Share Consolidation will not proceed.

Shareholders and potential investors of the Company should note that the 2026 Rights Issue is subject to the fulfilment of the conditions as set out in the section headed "(2) Update on the 2026 Rights Issue – Details of the 2026 Rights Issue – Conditions of the 2026 Rights Issue" in this announcement. Therefore, if such conditions are not fulfilled, the 2026 Rights Issue will not proceed.

Shareholders and potential investors of the Company should note that the Placing is subject to the fulfilment of the conditions as set out in the section headed "(2) Update on the 2026 Rights Issue – Placing Agreement for the Unsubscribed Rights Shares and the NQS Unsold Rights – Conditions Precedent" in the Announcement. Therefore, if such conditions are not fulfilled, the Placing will not proceed.

The 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Subject to the Share Consolidation becoming effective, any Shareholder or other person dealing in the Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date when all the conditions of the 2026 Rights Issue are fulfilled or the Placing Long Stop Date, which is expected to be Friday, 24 July 2026, will accordingly bear the risk that the 2026 Rights Issue and/or the Placing may not proceed.

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

Reference is made to (i) the Announcement dated 16 February 2026 in relation to, among other things, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; and (ii) the announcement of the Company dated 30 March 2026 in relation to the delay in despatch of the Circular.

(1) PROPOSED SHARE CONSOLIDATION

The Company proposes to, as a condition precedent to the 2026 Rights Issue, implement the Share Consolidation on the basis that every twenty five (25) Existing Shares of par value of HK$0.01 each be consolidated into one (1) Consolidated Share of par value of HK$0.25 each.

EFFECT OF THE SHARE CONSOLIDATION

As at the date of this announcement, there are 93,931,100 Existing Shares in issue. Upon the Share Consolidation becoming effective and assuming there is no change in the number of Shares in issue from the date of this announcement up to and including the effective date of the Share Consolidation, there will be 3,757,244 Consolidated Shares in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares in issue immediately following the Share Consolidation becoming effective will rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

CONDITIONS OF THE SHARE CONSOLIDATION

The Share Consolidation is conditional upon fulfilling the following conditions:

(i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;

(ii) the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and

(iii) the compliance with the relevant procedures and requirements under the Cayman Islands laws (where applicable) and the Listing Rules to effect the Share Consolidation.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, as none of the Shareholders or their associates have any material interest in the Share Consolidation, no Shareholder is required to abstain from voting on the resolution to approve the Share Consolidation at the EGM.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 3 June 2026, being the second Business Day immediately after the date of passing of the ordinary resolution approving the Share Consolidation at the EGM.

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

Listing Application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

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

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange. Upon the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is currently proposed to be sought.

Shareholders and potential investors of the Company should note that the Share Consolidation is subject to the fulfilment of the conditions as set out above. Therefore, if such conditions are not fulfilled, the Share Consolidation will not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional adviser(s).

OTHER ARRANGEMENTS

No Fractional Entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders. All fractions of the Consolidated Shares, if any, will be aggregated (and rounded down to the nearest whole number) and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, if any, the Company will appoint a securities firm to provide matching services, on a best-efforts basis, to those Shareholders who wish to (i) acquire odd lots of the Consolidated Shares to make up a full board lot, or (ii) to dispose their holding of odd lots of the Consolidated Shares, during the period from 9:00 a.m. on Wednesday, 17 June 2026 to 4:00 p.m. on Thursday, 9 July 2026 (both dates inclusive).

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed, and may or may not be sold at the market price. Shareholders who are in any doubt about the odd lots trading arrangement are recommended to consult their professional adviser(s).

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 3 June 2026, the Shareholders may during business hours on or after Wednesday, 3 June 2026 and until Monday, 13 July 2026 (both dates inclusive) submit their existing share certificates (in the color yellow) for the Existing Shares to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange for new share certificates (in the color red) for the Consolidated Shares, at the expense of the Company.

Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each existing share certificate for the Existing Shares submitted for cancellation or for each new share certificate issued for the Consolidated Shares, whichever the number of share certificates cancelled and/or issued is higher.

Subject to the Share Consolidation becoming effective, after 4:10 p.m. on Thursday, 9 July 2026, trading will only be in Consolidated Shares. Existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at any time, but will not be accepted for delivery, trading and settlement purposes.

NO CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are currently traded on the Stock Exchange in a board lot size of 2,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 2,000 Consolidated Shares per board lot.

REASONS FOR AND BENEFITS OF THE SHARE CONSOLIDATION

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK$0.01 or HK$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in September 2024 states that, among other things, in determining the board lot size, taking into account of the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK$2,000.

As at the date of this announcement, based on the closing price of HK$0.30 per Existing Share, the value of each board lot of 2,000 Existing Shares is HK$600. The Existing Shares had been consistently traded at below the level of HK$2,000 per board lot since 3 October 2025. Upon the Share Consolidation becoming effective, based on the theoretical closing price of HK$7.50 per Consolidated Share (calculated based on the closing price of HK$0.30 per Existing Share and taking into account the effect of the Share Consolidation), the expected value of each board lot of 2,000 Consolidated Shares would be HK$15,000.

The Board had considered alternative ratios for the Share Consolidation. After careful consideration, the Board determined that the proposed consolidation ratio of every twenty five (25) Existing Shares to one (1) Consolidated Share is appropriate as it strikes a balance between increasing the trading price per Share and minimising the potential impact of odd lots and fractional Shares on Shareholders. The Board also considers that the Share Consolidation will enable the Company to comply with the trading requirements under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares, which would attract more investors to invest in the Shares, which further broadens the shareholder base of the Company.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may otherwise be entitled.

In view of the above, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Save for the 2026 Rights Issue, the Company has no intention to carry out any other fundraising activities as at the date of this announcement. However, in the event that the net proceeds from the 2026 Rights Issue is unable to satisfy the Group's funding needs, or there is any change to the business operations and/or financial position of the Group, the Board cannot rule out the possibility that the Company may conduct further debt and/or equity fundraising activities where suitable opportunities arise in order to support the future development of the Group. The Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

(2) UPDATE ON THE 2026 RIGHTS ISSUE

Subject to the Share Consolidation becoming effective, the Company proposes to amend the terms of the 2026 Rights Issue to take into account of the effect of the completion of the Share Consolidation. In this regard, the details of the 2026 Rights Issue are set out below:

DETAILS OF THE 2026 RIGHTS ISSUE

		Original terms as set out in the Announcement	Amended terms taking into account of the effect of the completion of the Share Consolidation
Basis of the 2026 Rights Issue	:	Six (6) Rights Shares for every one (1) Existing Share held by the Qualifying Shareholders at the close of business on the Record Date	Six (6) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.188 per Rights Share	HK$4.70 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated expenses in relation to the 2026 Rights Issue)	:	Approximately HK0.180 per Rights Share (on the basis that all the Rights Shares will be taken up)	Approximately HK4.50 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as at the date of this announcement	:	93,931,100 Existing Shares	93,931,100 Existing Shares, equivalent to 3,757,244 Consolidated Shares (assuming there is no change in the number of Shares in issue up to the effective date of the Share Consolidation)
Number of Rights Shares (Shares to be issued pursuant to the 2026 Rights Issue)	:	Up to 563,586,600 Existing Shares with an aggregate nominal value of HK$5,635,866.00	Up to 22,543,464 Consolidated Shares with an aggregate nominal value of HK$5,635,866.00 (assuming there is no change in the number of Shares in issue on or before the Record Date, other than the Share Consolidation)

		Original terms as set out in the Announcement	Amended terms taking into account of the effect of the completion of the Share Consolidation
Total number of Shares in issue upon completion of the 2026 Rights Issue	:	Up to 657,517,700 Existing Shares	Up to 26,300,708 Consolidated Shares (assuming there is no change in the number of Shares in issue on or before the Record Date, other than the Share Consolidation)
Gross proceeds from the 2026 Rights Issue	:	Up to approximately HK$106.0 million (before expenses)	Up to approximately HK$106.0 million (before expenses)

As at the date of this announcement, 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. Other than the Share Consolidation, the Company has no intention to issue or grant any Shares, warrants, options and/or convertible securities on or before the Record Date.

Assuming there is no change in the number of Shares in issue on or before the Record Date, other than the Share Consolidation, the aggregate 22,543,464 Rights Shares to be issued pursuant to the terms of the 2026 Rights Issue represent 600% of the total number of issued Consolidated Shares and approximately 85.71% of the total number of issued Consolidated Shares as enlarged by the issue of the 2026 Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, the Consolidated Shares and/or the nil-paid Rights Shares.

Subscription Price

The Subscription Price of HK$4.70 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the 2026 Rights Issue, or where a transferee of the nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 20.0% to the theoretical closing price of HK$5.875 per Consolidated Share (calculated based on the closing price of HK$0.235 per Existing Share and taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 20.0% to the average theoretical closing price of HK$5.875 per Consolidated Share (calculated based on the average closing price of HK$0.235 after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 19.7% to the average theoretical closing price of HK$5.850 per Consolidated Share (calculated based on the average closing price of HK$0.234 after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

(iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 17.14%, represented by the theoretical diluted price of approximately HK$4.87 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the theoretical benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK$5.875 per Consolidated Share (after taking into account the effect of the Share Consolidation), taking into account the higher of (i) the theoretical closing price of the Consolidated Shares as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average theoretical closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day); and

(v) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the 2025 Rights Issue, which was completed on 29 July 2025, of approximately 19.56%, computed by the cumulative theoretical diluted price of approximately HK$28.56 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the theoretical benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK$35.50 per Consolidated Share (after taking into account the effect of the Share Consolidation) in respect of the 2025 Rights Issue as announced on 6 December 2024.

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; (iii) the reasons for and benefits of the 2026 Rights Issue as discussed in the section headed "Reasons For and Benefits of the 2026 Rights Issue and the Use of Proceeds" in the Announcement, including the amount of funds the Company intends to raise under the 2026 Rights Issue and its intended use.

Under the 2026 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 will encourage them to participate in the 2026 Rights Issue, minimising dilution impact.

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

Non-underwritten basis

As disclosed in the Announcement, the 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. For further details, please refer to the section headed "PROPOSED 2026 RIGHTS ISSUE – Non-underwritten basis" in the Announcement.

Conditions of the 2026 Rights Issue

The 2026 Rights Issue is conditional upon the following updated conditions being fulfilled:

(i) the Share Consolidation having become effective;

(ii) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the EGM for the transactions contemplated under the 2026 Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the 2026 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 despatch 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 2026 Rights Issue, the Placing and the transactions contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent is capable of being waived. If any of the above conditions are not satisfied at or before 4:00 p.m. on Friday, 24 July 2026 (or such other date as the Company may determine), the 2026 Rights Issue will not proceed and no party will have any claim against any other party for costs, damages, compensations or otherwise. As at the date of this announcement, none of the conditions have been fulfilled.

Shareholders and potential investors of the Company should note that the 2026 Rights Issue is subject to the fulfilment of the conditions as set out above. Therefore, if such conditions are not fulfilled, the 2026 Rights Issue will not proceed.

Undertakings

As at the date of this announcement, the Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention to take up any Shares provisionally (or to be provisionally) allotted or offered to that Shareholder under the 2026 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 Consolidated 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 the 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 2026 Rights Issue is only available to the Qualifying Shareholders. To qualify for the 2026 Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the closing of business on the Record Date, all transfers of Consolidated Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Friday, 5 June 2026.

It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Wednesday, 3 June 2026, and the Consolidated Shares will be dealt with on an ex-rights basis from Thursday, 4 June 2026.

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

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

Rights of the Overseas Shareholders (if any)

For further details of the rights of the Overseas Shareholders, if any, please refer to the section headed "PROPOSED 2026 RIGHTS ISSUE – Rights of the Overseas Shareholders (if any)" in the Announcement.

Closure of register of members

The register of members of the Company will be closed from Monday, 8 June 2026 to Friday, 12 June 2026 (both dates inclusive) for determining the identity of Shareholders entitled to the 2026 Rights Issue. No transfer of Shares will be registered during the above book closure period.

Basis of provisional allotments

The basis of the provisional allotment shall be six (6) Rights Shares (in nil-paid form) for every one (1) Consolidated 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 2026 Rights Issue.

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

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares as a result of the 2026 Rights Issue, if any, the Company will appoint a securities firm to provide matching services, on a best-efforts basis, to those Shareholders who wish to (i) acquire odd lots of the Consolidated Shares to make up a full board lot, or (ii) to dispose their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Tuesday, 4 August 2026 to 4:00 p.m. on Tuesday, 18 August 2026 (both dates inclusive). Further details in respect of the arrangement of odd lot trading will be set out in the Prospectus.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed, and may or may not be sold at the market price. Shareholders who are in any doubt about the odd lots trading arrangement are recommended to consult their professional adviser(s).

PROCEDURES IN RESPECT OF THE UNSUBSCRIBED RIGHTS SHARES AND THE NQS UNSOLD RIGHTS SHARES AND THE COMPENSATORY ARRANGEMENTS

As disclosed in the Announcement, pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company will make Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the same to independent placees for the benefit of Shareholders to whom they were offered by way of the 2026 Rights Issue. For further details, please refer to the section headed "PROPOSED 2026 RIGHTS ISSUE – Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements" in the Announcement.

Supplemental Placing Agreement

As disclosed in the Announcement, on 16 February 2026 (after trading hours), the Company and the Placing Agent entered into the Original Placing Agreement in relation to the placing of the Placing Shares to independent placees on a best-efforts basis.

On 22 April 2026 (after trading hours), the Company and the Placing Agent entered into the Supplemental Placing Agreement, pursuant to which the parties amended the terms of the Original Placing Agreement to take into account of the effect of the Share Consolidation and the revised expected timetable for the Share Consolidation and 2026 Rights Issue, and corresponding incidental changes to the terms of the Original Placing Agreement. The key terms of the Supplemental Placing Agreement are set out below:

(i) the number of Placing Shares was amended to take into account the effect of the Share Consolidation;

(ii) the Placing Period was amended to the period commencing from Thursday, 9 July 2026 to 4:00 p.m. Friday, 24 July 2026, or such other dates as the Company may determine, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements;

(iii) the obligations of the Placing Agent and the Company under the Supplemental Placing Agreement are, in addition to the conditions precedent as disclosed in the Announcement, also conditional upon the Share Consolidation having become effective;

(iv) the Placing Long Stop Date was amended to Friday, 24 July 2026;

(v) the placing price of each Placing Share shall not be less than the Subscription Price of HK$4.70. The final price determination will be dependent on the demand and the market conditions of the Placing Shares during the process of the Placing; and

(vi) the completion of the Placing is expected to take place within six (6) Business Days (or such other date as the Company and the Placing Agent may agree in writing) after the fulfillment of all conditions precedents to the Placing.

Other than the above changes, all other terms of the Original Placing Agreement remain unchanged.

The Board considers that the terms of the Placing Agreement in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms and are in the best interest of the Company and the Shareholders as a whole.

Other than the above changes, the details as disclosed in the Announcement in relation to the Compensatory Arrangements remain unchanged. The Board considers that the Compensatory Arrangements, taking into account the effect of Share Consolidation and the Placing Agreement, are fair and reasonable and provide adequate safeguard to protect the best interests of the Company's minority Shareholders for the same reasons as disclosed in the Announcement.

No Fractional Entitlement to the Rights Shares

As disclosed in the Announcement, 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 2026 Rights Issue will be reduced accordingly.

Share certificates and refund cheques for the 2026 Rights Issue

Subject to fulfilment of the conditions of the 2026 Rights Issue, share certificates for the fully paid Rights Shares are expected to be posted on or before Monday, 3 August 2026 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the 2026 Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Monday, 3 August 2026 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the 2026 Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The nil-paid and fully-paid Rights Shares will be traded in board lots of 2,000 Consolidated 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 AND BENEFITS OF THE 2026 RIGHTS ISSUE AND USE OF PROCEEDS

For further details of the reasons for and benefits of the 2026 Rights Issue, including the intended use of proceeds from the 2026 Rights Issue, please refer to the section headed "REASONS FOR AND BENEFITS OF THE 2026 RIGHTS ISSUE AND THE USE OF PROCEEDS" in the Announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

To the best knowledge of the Directors, assuming there is no change in the issued share capital of the Company, other than as a result of the Share Consolidation, from the date of this announcement up to and including the Record Date, set out below is the shareholding structure of the Company, (i) as at the date of this announcement; (ii) immediately after the Share Consolidation; (iii) immediately after the Share Consolidation and completion of the 2026 Rights Issue (assuming full acceptance by all Qualifying Shareholders under the 2026 Rights Issue); and (iv) immediately after the Share Consolidation and upon the completion of the 2026 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 date of this announcement**		**Immediately after the Share Consolidation**		**Immediately after the Share Consolidation and completion of the 2026 Rights Issue (assuming full acceptance by the Qualifying Shareholders)**		**Immediately after the Share Consolidation and upon the completion of the 2026 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)**	
	Shares	*Approx %*	*Shares*	*Approx %*	*Shares*	*Approx %*	*Shares*	*Approx %*
Xinxing Company Limited *(Note 1)*	243,300	0.26	9,732	0.26	68,124	0.26	9,732	0.04
Placees	–	–	–	–	–	–	22,543,464	85.71
Other public Shareholders	93,687,800	99.74	3,747,512	99.74	26,232,584	99.74	3,747,512	14.25
Total	**93,931,100**	**100.00**	**3,757,244**	**100.00**	**26,300,708**	**100.00**	**26,300,708**	**100.00**

Notes:

1. 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.

2. If any of the placees subscribes for 10% or more of the Shares under the Placing, he/she/it will become a substantial shareholder of the Company after completion of the Placing. The Company will continue to comply at all times with the public float requirements under Rule 8.08 of the Listing Rules before and after completion of the 2026 Rights Issue and the Placing.

3. 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 2026 Rights Issue are subject to various factors, including the results of acceptance of the 2026 Rights Issue.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the 2026 Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Other than the 2025 Rights Issue, the details of which are disclosed in the Announcement in the section headed "EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS" of the Announcement, the Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the date of the Announcement.

TAXATION

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

It is emphasised that none of the Company, the Directors or any other parties involved in the 2026 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.

REVISED EXPECTED TIMETABLE FOR THE SHARE CONSOLIDATION AND 2026 RIGHTS ISSUE

In view of the delay in despatch of the Circular, and taking into account the effect of the Share Consolidation, the expected timetable for the Share Consolidation and the 2026 Rights Issue is to be revised as follows, which is indicative only and has been prepared on the assumption that all the conditions of the Share Consolidation and the 2026 Rights Issue, respectively, 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**
Despatch date of the Circular together with notice of EGM and proxy form for EGM	Friday, 15 May 2026
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 22 May 2026
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Tuesday, 26 May 2026 to Monday, 1 June 2026
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Saturday, 30 May 2026
Record date for attendance and voting at the EGM	Monday, 1 June 2026
Date and time of the EGM to approve the Share Consolidation and the 2026 Rights Issue	11:00 a.m. on Monday, 1 June 2026
Announcement of the poll results of the EGM	Monday, 1 June 2026
Register of members of the Company re-opens	Tuesday, 2 June 2026

The following events are conditional upon the results of the EGM and the fulfilment of the other conditions relating to the Share Consolidation and the 2026 Rights Issue, respectively, and therefore the dates are tentative only:

Event	**Date**
Effective date of the Share Consolidation	Wednesday, 3 June 2026
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Wednesday, 3 June 2026
Original counter for trading in Existing Shares in board lot of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 3 June 2026
Temporary counter for trading in the Consolidated Shares in board lot of 80 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 3 June 2026
First day of free exchange of existing share certificates for the Existing Shares for new share certificates for the Consolidated Shares	Wednesday, 3 June 2026
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the 2026 Rights Issue	Wednesday, 3 June 2026
First day of dealings in the Consolidated Shares on an ex-rights basis relating to the 2026 Rights Issue	Thursday, 4 June 2026
Latest time for the Shareholders to lodge transfer documents of Consolidated Shares in order to be qualified for the 2026 Rights Issue	4:30 p.m. on Friday, 5 June 2026

Event	Date
Closure of register of members to determine the entitlements to the 2026 Rights Issue (both dates inclusive)	Monday, 8 June 2026 to Friday, 12 June 2026
Record Date for the 2026 Rights Issue	Friday, 12 June 2026
Despatch date of the Prospectus Documents to Qualifying Shareholders, and in the case of the Non-Qualifying Shareholders, the Prospectus only	Monday, 15 June 2026
Register of members of the Company re-opens	Monday, 15 June 2026
First day of dealings in nil-paid Rights Shares	Wednesday, 17 June 2026
Original counter for trading in the Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 17 June 2026
Parallel trading in the Consolidated Shares (in the form of both existing share certificates in board lots of 80 Consolidated Shares and new share certificates in board lots of 2,000 Consolidated Shares) commences	9:00 a.m. on Wednesday, 17 June 2026
Designated broker starts to stand in the market to provide matching services for odd lot of the Consolidated Shares	9:00 a.m. on Wednesday, 17 June 2026

Event	Date
Latest time for splitting the PAL	4:30 p.m. on Monday, 22 June 2026
Last day of dealings in nil-paid Rights Shares	Thursday, 25 June 2026
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 30 June 2026
Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangement	Wednesday, 8 July 2026
Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and NQS Unsold Rights Shares available)	Thursday, 9 July 2026
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 9 July 2026
Temporary counter for trading in the Consolidated Shares in board lot of 80 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 9 July 2026

Event	Date
Parallel trading in the Consolidated Shares (in the form of both existing share certificates in board lots of 80 Consolidated Shares and new share certificates in board lots of 2,000 Consolidated Shares) ends	4:10 p.m. on Thursday, 9 July 2026
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Monday, 13 July 2026
Latest day of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Friday, 24 July 2026
Latest time for the 2026 Rights Issue to become unconditional and the Placing Long Stop Date	4:00 p.m. on Friday, 24 July 2026
Announcement of results of the 2026 Rights Issue (including the results of the Placing and the Net Gain)	Friday, 31 July 2026
2026 Rights Issue settlement and Placing completion date	Monday, 3 August 2026
Despatch of share certificates for fully-paid Rights Shares and/or refund cheques if terminated	Monday, 3 August 2026
Commencement of dealings in fully-paid Rights Shares	Tuesday, 4 August 2026

Event	Date
Designated broker commences to provide matching service for odd lots of Shares	Tuesday, 4 August 2026
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Monday, 10 August 2026
Designated broker ceases to provide matching service for odd lots of Shares	Tuesday, 18 August 2026

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Share Consolidation and the 2026 Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in separate announcement(s) 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 date of the Latest Time for Acceptance. 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 warnings 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 this section headed "REVISED EXPECTED TIMETABLE FOR THE SHARE CONSOLIDATION AND THE 2026 RIGHTS ISSUE" in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the excepted timetable as soon as practicable.

LISTING RULES IMPLICATIONS

Share Consolidation

The Share Consolidation is conditional upon, among other things, Shareholders' approval at the EGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, as none of the Shareholders or their associates have any material interest in the Share Consolidation, no Shareholder is required to abstain from voting on the resolution to approve the Share Consolidation at the EGM.

2026 Rights Issue

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the 2026 Rights Issue will increase the total number of issued Existing Shares of the Company by more than 50% within twelve (12) month period immediately preceding the date of this announcement, the 2026 Rights Issue is conditional upon the Shareholders' approval at the EGM, and any controlling shareholder(s) of the Company and their associates, or where there are no controlling shareholder(s), 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 2026 Rights Issue and the Placing at the EGM.

As at the date of this announcement, 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 Existing Shares beneficially owned by Xinxing Company Limited, a company wholly-owned by Mr. Chen, representing approximately 0.26% of the total issued Existing Shares. Therefore, Mr. Chen and his associates shall abstain from voting in favour of the resolution(s) approving the 2026 Rights Issue, the Placing and the transactions contemplated thereunder at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. As at the date of this announcement, save for Mr. Chen, none of the Directors or chief executive of the Company had any interest in the Existing Shares.

The 2026 Rights Issue, together with the 2025 Rights Issue, does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the 2026 Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Chan Wai Yan, Ms. Huang Chunlian and Ms. Lee Yin Man, to advise the Independent Shareholders in respect of the 2026 Rights Issue and the Placing and as to the voting action therefor.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

First Global Corporate Finance Co., Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and whether it is in the best interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

EGM

The register of members of the Company will be closed from Tuesday, 26 May 2026 to Monday, 1 June 2026 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

The EGM will be convened and held at 11:00 a.m. on Monday, 1 June 2026 to consider and, if thought fit, approve, the Share Consolidation, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder. Shareholders who are involved in or interested in the 2026 Rights Issue (including Mr. Chen and his associates as disclosed above) will be required to abstain from voting in respect of the resolution(s) to approve the 2026 Rights Issue at the EGM.

GENERAL

The Circular containing, among other things, (i) further information on the Share Consolidation; (ii) further information regarding the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue, the Placing and the transactions contemplated thereunder; (v) other information required under the Listing Rules; and (vi) the notice of the EGM, is expected to be despatched to the Shareholders on or before Friday, 15 May 2026.

Subject to the Share Consolidation becoming effective and the approval of the 2026 Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information in relation to the 2026 Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Monday, 15 June 2026. A copy of the Prospectus will also be made available on the websites of the Company (www.xinm.net.cn) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

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

Shareholders and potential investors of the Company should note that the Share Consolidation is subject to the fulfilment of the conditions as set out in the section headed "(1) Proposed Share Consolidation – Conditions of the Share Consolidation" in this announcement. Therefore, if such conditions are not fulfilled, the Share Consolidation will not proceed.

Shareholders and potential investors of the Company should note that the 2026 Rights Issue is subject to the fulfilment of the conditions as set out in the section headed "(2) Update on the 2026 Rights Issue – Details of the 2026 Rights Issue – Conditions of the 2026 Rights Issue" in this announcement. Therefore, if such conditions are not fulfilled, the 2026 Rights Issue will not proceed.

Shareholders and potential investors of the Company should note that the Placing is subject to the fulfilment of the conditions as set out in the section headed "(2) Update on the 2026 Rights Issue – Placing Agreement for the Unsubscribed Rights Shares and the NQS Unsold Rights – Conditions Precedent" in the Announcement. Therefore, if such conditions are not fulfilled, the Placing will not proceed.

The 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Subject to the Share Consolidation becoming effective, any Shareholder or other person dealing in the Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date when all the conditions of the 2026 Rights Issue are fulfilled or the Placing Long Stop Date, which is expected to be Friday, 24 July 2026, will accordingly bear the risk that the 2026 Rights Issue and/or the Placing may not proceed.

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

DEFINITIONS

Unless the context requires otherwise, capitalised terms used herein have the same meanings as those defined in the Announcement. Further, in this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

"Announcement"	the announcement of the Company dated 16 February 2026 in relation to, among other things, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder
"Circular"	the circular to be despatched to the Shareholders by the Company, in relation to, among other things, the Share Consolidation, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder

"Consolidated Share(s)"	the ordinary share(s) of par value HK$0.25 each in the share capital of the Company, immediately upon the Share Consolidation becoming effective
"EGM"	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Share Consolidation, the 2026 Rights Issue, the Placing and the transactions contemplated thereunder
"Existing Share(s)"	the ordinary share(s) of par value HK$0.01 each in the share capital of the Company, prior to the Share Consolidation becoming effective
"Last Trading Day"	Friday, 13 February 2026, being the last full trading day of the Existing Shares on the Stock Exchange prior to the publication of the Announcement
"Latest Time for Acceptance"	4:00 p.m. on Tuesday, 30 June 2026, 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
"Original Placing Agreement"	the placing agreement dated 16 February 2026 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares
"Placing Agreement"	the Original Placing Agreement (as amended and supplemented by the Supplemental Placing Agreement) in relation to the placing of the Placing Shares
"Placing Long Stop Date"	4:00 p.m. on Friday, 24 July 2026 or such other date as the Company and the Placing Agent may agree in writing

"Placing Period"	the period commencing from Thursday, 9 July 2026 to 4:00 p.m. on Friday, 24 July 2026, or such other dates as the Company may determine, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
"Prospectus Posting Date"	Monday, 15 June 2026, or such other date as the Company may determine, for the despatch of the Prospectus Documents
"Record Date"	Friday, 12 June 2026, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the 2026 Rights Issue will be determined
"Rights Share(s)"	up to 22,543,464 Consolidated Shares to be allotted and issued pursuant to the 2026 Rights Issue (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation)
"Share(s)"	the Existing Share(s) or as the context may require, the Consolidated Share(s)
"Share Consolidation"	the proposed consolidation of every twenty five (25) Existing Shares of par value of HK$0.01 each into one (1) Consolidated Share of par value of HK$0.25 each
"Subscription Price"	HK$4.70 per Rights Share
"Supplemental Placing Agreement"	the supplemental placing agreement dated 22 April 2026 (after trading hours) entered into between the Company and the Placing Agent in relation to the Original Placing Agreement

"%"	per cent.

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

Hong Kong, 22 April 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.