

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 this announcement.



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 2025

Reference is made to the annual report (the “**2025 Annual Report**”) of Xinming China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2025 published on 30 April 2026 and the interim report (the “**2026 Interim Report**”) for the six months ended 30 June 2026 published on 30 September 2026 in relation to the disclaimer of opinion set out in the 2025 Annual Report. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the 2025 Annual Report and the 2026 Interim Report.

The Board would like to provide updates in relation to the Disclaimer of Opinion set out in the 2025 Annual Report. During the period from 30 April 2026, being the date of publication of the 2025 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:

Matters giving rise to the disclaimer opinion

In respect of the 2025 Annual Report, Global Link CPA Limited (“**Global Link**”), the Company’s external auditor, has expressed a disclaimer of opinion with material uncertainties relating to going concern. Global Link also stated that, in all other respects, in their opinion, the consolidated financial statements for the year ended 31 December 2025 had been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. For details of the basis of the disclaimer of opinion, please refer to the section headed “INDEPENDENT AUDITOR’S REPORT” in the 2025 Annual Report.

Remedial measures and action plans

In view of the circumstances, the Directors have given careful consideration to the future liquidity and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern. The following plans and measures as mentioned below (the “**Plans and Measures**”) are formulated to mitigate the liquidity pressure and to improve its cash flows:

- (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. Further, the holder of the Convertible Bonds has agreed not to demand repayment until 30 June 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.
- (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, and construction of Block 12, 19 and 20 in the Western Zone is scheduled to commence in May 2026, with sales scheduled for December 2026. The project is self-sustaining, generating projected net cash inflow of approximately RMB36.3 million without requiring Group funding. The Group will continue to implement Plans and Measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of sales proceeds so as to generate adequate net cash inflows.
- (iv) Expansion of leasing business and property management business that the Shanghai Project is in late-stage negotiations with Aegean Commercial Group under its Jinghai Plaza brand, with renovation works expected to be completed by October 2026, followed by leasing to quality tenants.
- (v) 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.

- (vi) 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.
- (vii) The Group applies significant cost control measures in cost of sales and administrative expenses.

In assessing whether the above Plans and Measures would be sufficient to address the material uncertainties relating to going concern, the Directors reviewed the cash flow forecast prepared by management (the “**Initial Cash Flow Forecast**”). In preparing the Initial Cash Flow Forecast, the management has taken into account the Group’s financial position and, inter alia, the following underlying assumptions and estimated financial effects in respect of the Plans and Measures:

- (i) in respect of the Group’s bank and other borrowings, the Group has been actively communicating and negotiating with the relevant lenders regarding renewal and extension arrangements. As at the date of the announcement, none had demanded immediate repayment of the outstanding borrowings nor commenced any significant legal proceedings against the Group. Based on ongoing discussions with the lenders and prevailing arrangements, management did not expect material principal cash outflows arising from acceleration of such borrowings within the forecast period;
- (ii) the Group expected to accelerate the pre-sales and sales of its properties under development and completed properties held for sale based on contracted sales and projected sales plans, and to enhance the collection of sales proceeds as mentioned above;
- (iii) the Group expected to implement cost control measures, including workforce streamlining and optimisation of its organisational structure. A decrease of administrative expenses. Due to the effective management of labour and office costs, the selling and administrative expenses are expected to be reduced as compared with the financial results for the year ended 31 December 2025; and

- (iv) Except for the 2026 rights issue used for repayment of convertible bonds, interest-bearing bank loans and other borrowings, as well as other payables and accrued expenses of the Group, the Initial Cash Flow Forecast did not assume the receipt of any additional funding for the year ended 31 December 2026. While the Group may, where appropriate, explore additional funding opportunities, including but not limited to equity financing, shareholder loans and/or external borrowings, the Company was of the view that the Group's projected cash inflows from operations were sufficient to meet its working capital requirements and existing financial obligations as they fall due during the forecast period, and the Group's ability to continue as a going concern was not dependent on obtaining such additional funding.

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

As disclosed in the 2025 Annual Report, Global Link were unable to obtain sufficient appropriate evidence to satisfy themselves that the Plans and Measures are reasonable and supportable, including but not limited to, whether the Group will be able to enter into written confirmation/waiver or other agreements with the lenders (i.e. banks) on the extension of the repayment schedule of certain borrowings and whether there will be new or other alternative financing from other financial institutions. As a result, Global Link were unable to satisfy themselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the Directors.

The Audit Committee has reviewed the Initial Cash Flow Forecast and the underlying assumptions and key inputs adopted by the management. In performing its review, the Audit Committee has (i) discussed with management the basis of the projected contracted sales, sales collection schedules and expected timing of cash receipts; (ii) reviewed the status of pre-sales and historical collection patterns; (iii) examined the cost control measures implemented, including workforce streamlining and the resulting reduction in administrative expenses; and (iv) reviewed the repayment schedules of outstanding borrowings, the regular meeting agenda and verbal confirmations and discussions with relevant creditors. The Audit Committee has also discussed with Global Link the basis of their disclaimer of opinion and the areas where sufficient appropriate audit evidence could not be obtained, including Global Link's requirement for written confirmations/waivers or other agreements from certain lenders in relation to the extension of the repayment schedule of certain bank borrowings. Management explained that banks generally do not issue binding confirmation of extension arrangements until the formal extension agreements are executed.

Having considered of the above explanation and the progress of negotiations with the relevant lenders, the Audit Committee is satisfied that management has taken reasonable steps in formulating and implementing the Plans and Measures and has used its best endeavours to advance the extension arrangements under the circumstances. Having considered the above and taking into account (i) the extension obtained from the holder of the convertible bond, (ii) the Group's contracted sales on hand and historical cash collection track record, (iii) the concrete cost reduction measures already implemented, and (iv) the fact that the Initial Cash Flow Forecast does not assume additional external financing, the Audit Committee was of the view that the Plans and Measures are reasonable and supportable. The Audit Committee was also of the view that the Initial Cash Flow Forecast has been prepared on a reasonable basis. Accordingly, the Audit Committee concurred with the Directors' assessment that it remained appropriate to adopt the going concern basis of accounting in the preparation of the consolidated financial statements.

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, 16 October 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.