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新明中国控股

XINMING CHINA

Xinming China Holdings Limited

新明中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2699)

MAJOR TRANSACTION IN RELATION TO PLEDGE CONTRACTS

Pledge Contracts

During the period of 26 December 2018 to 28 December 2018, Xinming Group Holdings Co., Ltd. (“**Xingming Group**”), a wholly-owned subsidiary of Xinming China Holdings Limited (the “**Company**”) entered into certain pledge contracts (the “**Pledge Contracts**”) with Hangzhou branch of Bank of Wenzhou Co., Ltd.* (“**Wenzhou Bank**”), pursuant to which Xinming Group agreed to pledge the certificates of deposit of a total value of RMB535,400,000 to Wenzhou Bank in order to provide a guarantee for Zhejiang Muzi Trading Company* (“**Zhejiang Muzi**”) for the amount of RMB537,461,290 by way of pledge. The term of pledge commenced from the effective date of the Pledge Contracts to 31 March 2019, and Xinming Group will receive 2% of the total amount of the Pledge Contracts as the guarantee fee.

On 29 December 2019, Xinming Group notified Zhejiang Muzi and Wenzhou Bank to terminate the Pledge Contracts. The Pledge Contracts were duly terminated on 2 January 2019, and all the pledged certificates of deposit have been returned to Xinming Group.

To the best knowledge, information and belief of the directors of the Company, Zhejiang Muzi and Wenzhou Bank are third parties independent of the Company.

As one or more of the relevant percentage ratio according to Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in respect of the Pledge Contracts is higher than 25%, the relevant transaction, before termination, constituted a major transaction of the Company, which was originally required to comply with the requirements of the Listing Rules relating to notices, announcements, circulars and shareholders’ approvals. However, the Company did not timely comply with the relevant requirements.

Recently, the board of directors (the “**Board**”) of the Company was informed of the above incident and therefore discloses it by this announcement. The Company is still collating and analyzing the relevant information of the Pledge Contracts, and will make further announcement(s) in a short period of time to disclose the details of the Pledge Contracts.

Remedial Measures

In view of the above incident, the Board understands that there is a need to strengthen the Company’s internal control and compliance measures. The independent non-executive directors have already convened a special meeting for the incident and have recommended the Board to take the necessary actions and steps immediately, including but not limited to:

- (1) establishing a special investigation committee which consists of independent non-executive directors to investigate the above incident;
- (2) arranging for the Company’s finance department to conduct a series of self-inspection actions to check whether the Company has any other similar incident;
- (3) having engaged an independent consultant company to start reviewing the internal control immediately;
- (4) having arranged to strengthen the training of the Company’s management in relation to the Listing Rules and internal control management.

The Company will make announcement(s) on the progress of the above measures as appropriate in accordance with the relevant rules.

By order of the Board
Xinming China Holdings Limited
Chen Chengshou
Chairman and Chief Executive Officer

Hong Kong, 22 March 2019

As at the date of this announcement, the executive Directors are Mr. Chen Chengshou and Mr. Feng Cizhao; the non-executive Director is Ms. Gao Qiaoqin; and the independent non-executive Directors are Mr. Fong Wo, Felix, Mr. Gu Jiong and Mr. Lo Wa Kei, Roy.