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SHINSUN 祥生

Shinsun Holdings (Group) Co., Ltd.

祥生控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 02599)

PROFIT WARNING

This announcement is made by Shinsun Holdings (Group) Co., Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the Group’s unaudited management accounts for the six months ended 30 June 2022 (the “**Period**”) and information currently available, the Group is expected to record a net loss for the Period of approximately RMB500 million to RMB700 million, as compared to a net profit of approximately RMB973.1 million for the six months ended 30 June 2021.

The Board believes that the turnaround from net profit to net loss was primarily because (i) as affected by the systemic risk of the real estate sector since the second half of 2021, the Group sold those projects in slow destocking at a discount in order to improve its liquidity, resulting in a decrease in the overall gross profit margin for the same period in 2022; and (ii) as affected by the COVID-19 pandemic and the market downturn with the slowdown in construction progress, its booked GFA in the first half of 2022 decreased substantially as compared to that for the first half of 2021. In addition, due to the repeated impact of the COVID-19 pandemic, the market competition has intensified which resulted in significant impact on the Group’s overall operating income and profit level. Looking ahead, the Group will maintain its focus on the growth of its various business segments for the second half of 2022 and the Board remains optimistic that the Group will be able to restore its profit level as soon as possible.

As at the date of this announcement, the Company is in the process of finalizing the interim results for the Period. Consequently, the information contained in this announcement is based solely on the preliminary assessment of the latest information available to the Board as at the date of this announcement and the unaudited consolidated management accounts of the Group for the Period, which have not been confirmed or reviewed by the Company’s auditors or the audit committee of the Board. The actual results of the Group for the Period may differ from what is disclosed in this announcement and are subject to final review and/or necessary adjustments. Shareholders and potential investors are advised to refer to the details in the results announcement of the Company for the six months ended 30 June 2022, which is expected to be published in late August 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Shinsun Holdings (Group) Co., Ltd.
Chen Guoxiang
Chairman

Hong Kong, 22 August 2022

As at the date of this announcement, the Board comprises Mr. Chen Guoxiang, Mr. Chen Hongni, Mr. Han Bo and Mr. Zhao Leiya as executive Directors; and Mr. Ding Jiangang, Mr. Ma Hongman and Mr. Hung Yuk Miu as independent non-executive Directors.