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CHEN XING

Chen Xing Development Holdings Limited

辰興發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2286)

DISCLOSEABLE TRANSACTION DISPOSAL OF 49% EQUITY INTEREST IN THE DISPOSAL COMPANY

THE DISPOSAL

The Board is pleased to announce that on 30 October 2020 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase 49% equity interest in the Disposal Company at a consideration of RMB95.35 million (equivalent to approximately HK\$104.89 million) in accordance with the terms and conditions thereof.

Upon Completion of the Disposal, the Company will cease to hold any equity interest of the Disposal Company. The Disposal Company will cease to be an associated company of the Company and its financial statements will no longer be equity accounted for in the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

Since the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but falls below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

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THE AGREEMENT

Set forth below are the major terms of the Agreement:

Date

30 October 2020

Parties

- (1) Vendor: Chenxing Real Estate Development Co., Ltd* (辰興房地產發展有限公司), an indirect wholly-owned subsidiary of the Company;
- (2) Purchaser: Xishuangbanna Global Sunac Tourism Development Co., Ltd* (西雙版納環球融創旅遊發展有限公司); and
- (3) Disposal Company: Xishuangbanna Yunchen Real Estate Co., Ltd* (西雙版納雲辰置業有限公司).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the Listing Rules.

Subject matter

Pursuant to the Agreement, the Vendor shall sell, and the Purchaser shall purchase 49% equity interest in the Disposal Company. Upon Completion of the Disposal, the Company will cease to hold any equity interest of the Disposal Company. The Disposal Company will cease to be an associated company of the Company and its financial statements will no longer be equity accounted for in the consolidated financial statements of the Group.

Consideration

The Consideration receivable by the Company from the Purchaser for the Disposal is RMB95.35 million (equivalent to approximately HK\$104.89 million).

The Consideration shall be settled in the following manners:

- i. within five days from the date of this Agreement, the Purchaser shall open an account which shall be jointly managed by the Vendor and the Purchaser (the “**Jointly-managed Account**”);
- ii. a sum of RMB15.80 million (equivalent to approximately HK\$17.38 million), being part of the Consideration for the Disposal, will be payable as the first instalment (the “**First Instalment**”) within ten days from the date of the establishment of the Jointly-managed Account; and

- iii. the balance of the Consideration, being RMB79.55 million (equivalent to approximately HK\$87.51 million) will be payable as the second instalment (the “**Second Instalment**”) within 12 months from the date of this Agreement to the Jointly-managed Account. The Purchaser shall also pay interest to the Vendor at a rate of 8% per annum on the Second Instalment for the period from the date of payment of the First Instalment to the date of payment of the Second Instalment to the Vendor.

Within ten days of the transfer of the total or partial Consideration by the Purchaser in the manner as set forth hereinabove, the Vendor shall complete the registration procedure with the relevant government authority with respect to the transfer of the corresponding equity interest in the Disposal Company based on the proportion of Consideration paid by the Purchaser. Within two days from the date of the completion of the transfer of the relevant equity interest in the Disposal Company to the Purchaser, the Vendor and the Purchaser shall cooperate to transfer the corresponding portion of the Consideration from the Jointly-managed Account to the Vendor’s designated account.

The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser with reference to, including but not limited to, (i) the net asset value of the Disposal Company in the amount of RMB89.37 million (equivalent to approximately HK\$98.31 million) as at 31 December 2019; and (ii) the prospective return on investment.

Loan arrangement between the Vendor and the Disposal Company

Pursuant to the loan agreement and the loan extension agreement dated 2 January 2019 and 2 January 2020 entered into between the Vendor and the Disposal Company, the Vendor entered into the Loan Agreement pursuant to which the Vendor agreed to provide to the Disposal Company the loan in the principal amount of RMB102.6 million (equivalent to approximately HK\$111.8 million) at an interest rate of 12% per annum for a period of 12 months. On 2 January 2020, the loan was extended by 12 months to 2 January 2021. For details of the loan agreement and the loan extension agreement, please refer to the announcements of the Company dated 2 January 2019 and 2 January 2020.

As at 10 October 2020, the Disposal Company owes to the Vendor an outstanding loan principal in the sum of RMB25.38 million (equivalent to approximately HK\$27.92 million) (the “**Outstanding Loan Principal**”) plus interests.

Pursuant to the Agreement, the Disposal Company shall pay a sum of RMB4.20 million (equivalent to approximately HK\$4.62 million) to the Jointly-managed Account within ten days from the date of the establishment of the Jointly-managed Account as repayment of part of the Outstanding Loan Principal plus corresponding interests accrued up the payment date of the RMB4.2 million (the “**First Loan Repayment**”). Within two days from the date of the completion of the transfer of the corresponding equity interest in the Disposal Company for the Purchaser’s payment of the First Instalment, the Vendor and the Purchaser shall cooperate to transfer the First Loan Repayment from the Jointly-managed Account to the Vendor’s designated account. The Disposal Company shall repay the remaining part of the Outstanding Loan Principal within 12 months from the date of this Agreement at an interest rate of 8% per annum for the period from the date of payment of the

First Repayment to the date of final repayment of the Outstanding Loan Principal. In the event that the Disposal Company fails to repay the Outstanding Loan Principal plus interests to the Vendor, the Purchaser shall provide loan to the Disposal Company for repayment of the Outstanding Loan Principal plus interests to the Vendor.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that the Group will record a gain of approximately RMB46.35 million (equivalent to approximately HK\$50.99 million) (before taxation) from the Disposal. The actual financial effects of the Disposal will be determined with reference to the financial status of the Disposal Company as at the date of Completion.

INFORMATION OF THE GROUP

The Group is principally engaged in property development operations in China, and focusing mainly on the development of residential and, to a less extent, commercial property development projects.

INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is a joint venture company established under the laws of the PRC with limited liability on 6 November 2018 and as at the date of this announcement, the Disposal Company is owned as to 49% by the Vendor and 51% by the Purchaser. The Disposal Company is principally engaged in property development and investment in Yunnan Province, the PRC. The principal asset of the Disposal Company is a piece of land with an area of approximately 345.3 mu located in a town of Xishuangbanna Dai Autonomous Prefecture, Yunnan Province, the PRC. The project for development of the subject land is currently at the preliminary planning and design stage and has not yet commenced construction.

Set forth below are the financial information of the Disposal Company for the year ended 31 December 2018 and year ended 31 December 2019 in accordance with the PRC GAAP:

	For the year ended 31 December 2018 RMB	For the year ended 31 December 2019 RMB
Profit/(Loss) before taxation	(64,759.44)	(72,830.80)
Profit/(Loss) after taxation	(48,569.58)	(89,020.66)

The total asset and net asset value of the Disposal Company as at 31 December 2018 are approximately RMB91.37 million and approximately RMB44.65 million, respectively, and the total asset and net asset value of the Disposal Company as at 31 December 2019 are approximately RMB347.12 million and approximately RMB89.37 million, respectively.

INFORMATION OF THE PURCHASER

The Purchaser is a company established in the PRC with limited liability on 23 June 2020 and is a subsidiary of Sunac China Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1918). and is principally engaged in real estate development in Mainland China.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is ultimately owned as to 30% by Mr. Deng Hong (鄧鴻); and 70% by Sunac China Holdings Limited.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal Company mainly holds a piece of land with an area of approximately 345.3 mu located in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province, the PRC.

The Company believes that the Disposal represents a good opportunity for the Company to realise the value of the subject land at a reasonable price. The proceeds from the Disposal will improve the Group's asset turnover rate and generate additional cash inflow, which would enhance the Group's ability to acquire or invest in other land parcels or property projects.

Taking into account the net proceeds from the Disposal and the reasons and benefits described above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

It is expected that net proceeds from the Disposal, if crystallised, will be used by the Group for future investment opportunity and general working capital purposes.

LISTING RULE IMPLICATIONS

Since the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but falls below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following terms shall have the meanings set forth below in this announcement:

“Agreement”	the 49% equity transfer and loan assignment agreement dated 30 October 2020 entered into between the Vendor and the Purchaser in respect of the Disposal
“Board”	the board of Directors
“Company”	Chen Xing Development Holdings Limited (辰興發展控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on Main Board of the Stock Exchange
“Completion”	the completion of the Disposal pursuant to the terms of the Agreement
“Consideration”	the consideration receivable by the Vendor from the Purchaser for the Disposal under the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the 49% equity interest in the Disposal Company by the Vendor
“Disposal Company”	Xishuangbanna Yunchen Real Estate Co., Ltd* (西雙版納雲辰置業有限公司), a company established in the PRC with limited liability and is a joint venture company which, as at the date of this announcement, is owned as to 49% by the Vendor and 51% by the Purchaser
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

“PRC GAAP”	the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and other relevant accounting regulations as promulgated in the PRC
“Purchaser”	Xishuangbanna Global Sunac Tourism Development Co., Ltd* (西雙版納環球融創旅遊發展有限公司), a company established in the PRC with limited liability on 23 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Chenxing Real Estate Development Co., Ltd* (辰興房地產發展有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability and is the holder of 49% equity interest in the Disposal Company
“%”	per cent.

For illustration purpose, amounts in RMB in this announcement have been translated in to HK\$ at the exchange rate of RMB1=HK\$1.10.

By order of the Board
Chen Xing Development Holdings Limited
Bai Xuankui
Chairman

Shanxi, the PRC, 30 October 2020

As at the date of this announcement, the executive directors are Mr. Bai Xuankui, Mr. Bai Wukui, Mr. Bai Guohua and Mr. Dong Shiguang and the independent non-executive directors are Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing.

* *for identification purposes only*