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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ye Xing Group Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Ye Xing Group Holdings Limited
燁星集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1941)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular. A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 22 of this circular.

The EGM will be held at 10:00 a.m. at Room 108, No. 45 Xinrong North Street, Xihongmen, Daxing District, Beijing, PRC on 10 November 2021. A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Announcement”	the announcement of the Company dated 13 September 2021 in respect of the Acquisition
“Acquisition”	pursuant to the Sale and Purchase Agreement, Hongkun Weiye agreed to dispose of and Beijing Hongkun agreed to acquire the Property at a total consideration of RMB22.76 million
“Beijing Hongkun”	Beijing Hongkun Ruibang Property Management Company Limited* (北京鴻坤瑞邦物業管理有限公司), a limited liability company incorporated in the PRC on 18 June 2003
“Board”	the board of directors of the Company
“Company”	Ye Xing Group Holdings Limited (燁星集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2019
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deed of Acting in Concert”	the deed of acting in concert dated 24 July 2019 and executed by Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin whereby they confirmed their acting in concert arrangements
“Director(s)”	the director(s) of the Company
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 10:00 a.m. on 10 November 2021 at Room 108, No. 45 Xinrong North Street, Xihongmen, Daxing District, Beijing, PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“Hongkun Weiye”	Hongkun Weiye Property Development Company Limited* (北京鴻坤偉業房地產開發有限公司), a limited liability company incorporated in the PRC on 20 August 2002
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Board established by the Board, comprising all the independent non-executive Directors, namely Mr. Cheung Wai Hung, Mr. Chan Cheong Tat, Ms. Chen Weijie and Mr. Leung Ka Wo, to advise the Independent Shareholders with respect to the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Opus Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	independent shareholders of the Company, other than Mr. Zhao Weihao who is required to abstain from voting at the EGM pursuant to the Listing Rules
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited (仲量聯行企業評估及諮詢有限公司)
“Latest Practicable Date”	19 October 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding, for the purposes of this circular only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

DEFINITIONS

“Property”	the property located at No. 205, 2nd Floor, Block B, No. 1 Hong Fu Lu, Daxing Qu, Beijing, PRC* (中華人民共和國北京市大興區宏福路1號院B座第2層205號) with a total gross floor area of 948.6 square meters
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the property sale and purchase agreement entered into between Beijing Hongkun and Hongkun Weiye on 13 September 2021 (after trading hours), under which Hongkun Weiye agreed to sell and Beijing Hongkun agreed to acquire the Property
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with a par value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ye Xing Holdings Limited”	Ye Xing Holdings Limited (燁星控股有限公司), a company limited by shares incorporated under the laws of British Virgin Islands on 4 April 2019 and a direct wholly-owned subsidiary of the Company
“Ye Xing (HK) Holdings Limited”	Ye Xing (HK) Holdings Limited (燁星(香港)控股有限公司), a company limited by shares incorporated under the laws of Hong Kong on 12 April 2019 and an indirect wholly-owned subsidiary of the Company
“%”	per cent

LETTER FROM THE BOARD

Ye Xing Group Holdings Limited
燁星集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1941)

Board of Directors:

Executive Directors:

Ms. Wu Guoqing (*Chairperson*)

Mr. Zhao Weihao

Ms. Li Yin Ping

Ms. Zhang Chunying

Registered office in the Cayman Islands:

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

Non-executive Director:

Mr. Li Yifan

Principal place of business in the PRC:

Room 108

No. 45 Xinrong North Street

Xihongmen, Daxing District

Beijing, PRC

Independent non-executive Directors:

Mr. Cheung Wai Hung

Mr. Chan Cheong Tat

Ms. Chen Weijie

Mr. Leung Ka Wo

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

22 October 2021

To the Shareholders

Dear Sirs and Madams,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTY**

1. INTRODUCTION

Reference is made to the Announcement. As disclosed in the Announcement, Beijing Hongkun, an indirect wholly-owned subsidiary of the Company, and Hongkun Weiye entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, Hongkun Weiye agreed to dispose of, and Beijing Hongkun agreed to acquire the Property at a consideration of RMB22.76 million (equivalent to approximately HK\$27.39 million).

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further particulars of the Acquisition; (ii) the recommendations from the Independent Board Committee in relation to the Acquisition; (iii) the advice from the Independent Financial Adviser in relation to the Acquisition; and (iv) a notice of the EGM to be convened for the purpose of considering and approving the Acquisition.

2. SALE AND PURCHASE AGREEMENT

The major terms of the Sale and Purchase Agreement are as follows:

Date	13 September 2021 (after trading hours)
Parties	(i) Beijing Hongkun (as the buyer); and (ii) Hongkun Weiye (as the seller)
Target	The property located at No. 205, 2nd Floor, Block B, No. 1 Hong Fu Lu, Daxing Qu, Beijing, PRC* (中華人民共和國北京市大興區宏福路1號院B座第2層205號) with a total gross floor area of 948.6 square meters.
Consideration and Payment	According to the Sale and Purchase Agreement, the total consideration of the Acquisition is RMB22.76 million. Beijing Hongkun shall pay to Hongkun Weiye (i) 30% of the above total consideration, being approximately RMB6.83 million, on the date of the signing of the Sale and Purchase Agreement (which shall be returned to Beijing Hongkun in full in the case where the Acquisition does not complete or the Acquisition is not approved by the Independent Shareholders) and (ii) the remaining 70% of the above total consideration, being approximately RMB15.93 million, within 30 days after the payment described in (i) above subject to Independent Shareholders' approval. The payment of the consideration of the Acquisition will be solely financed by internal resources of the Group and will not affect the Company's original plan on the use of proceeds from its listing on the Main Board of the Stock Exchange. The Property is newly developed by the seller so the acquisition cost paid by the seller cannot be quantified.
Delivery	Hongkun Weiye shall deliver the Property to Beijing Hongkun within 7 business days after the date of the relevant resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM being passed.

LETTER FROM THE BOARD

3. BASIS OF DETERMINATION OF CONSIDERATION

The consideration of the Acquisition was determined after arm's length negotiation between Beijing Hongkun and Hongkun Weiye in accordance with the valuation report dated 13 September 2021 prepared by the Independent Valuer (as set out in Appendix I to this circular), according to which as at 31 August 2021 (the valuation benchmark date), the appraised value of the Property is approximately RMB23.24 million.

The Board has reviewed and enquired into the qualifications and experience of the Independent Valuer in relation to the preparation of the valuation report. The Board understands that Mr. Eddie T. W. Yiu (“**Mr. Yiu**”), a senior director of the Independent Valuer and the signor of the valuation report, is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice), and has 27 years' experience in the valuation of properties in Hong Kong and the PRC. The Board is of the view that the Independent Valuer and Mr. Yiu are qualified, experienced and competent in performing property valuations and providing a reliable opinion in respect of the valuation of the Property.

The Board has also enquired with the Independent Valuer as to its independence from the Group and were given to understand that the Independent Valuer is independent third parties of the Group and its connected persons including Hongkun Weiye. The Independent Valuer also confirmed to us that they were not aware of any relationship or interest between themselves and the Group or any other parties that would reasonably be considered to affect their independence to act as the independent valuer for the Company. The Independent Valuer confirmed to us that apart from normal professional fees payable to them in connection with their engagement for the valuations, no arrangements exist whereby they will receive any fee or benefit from the Group and its connected persons including Hongkun Weiye.

The Board understands that the market approach was used for the valuation of the Property. The key assumptions made in the valuation include (i) sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable market transactions as available in the relevant market and (ii) the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the property interest. For details of the comparables used under this valuation methodology, please see Appendix I to this circular.

Having discussed with the Independent Valuer the basis and rationale for different valuation methods and approaches and having considered that (i) the qualifications and experience of the Independent Valuer in relation to the preparation of the valuation report, (ii) the scope of work of the valuation of the Property, (iii) the analysis of the Independent Valuer in relation to the applicability of each method and approach, and (iv) the assumptions made by the Independent

LETTER FROM THE BOARD

Valuer for the valuation are in line with industry practices, the Board (including the Independent Board Committee) considers that the adoption of the market approach and the assumptions made thereunder are the appropriate valuation methodology and that the valuation had fairly and reasonably reflected the fair value of the Property.

4. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property is intended to be held by Beijing Hongkun for office use. In light of the commercial viability of the Property, the Board (except the Independent Board Committee) considers that the Acquisition is a reasonable and effective utilisation of the capital of the Group, which will enable the Group to enhance the Group's asset base. For instance, if the Group uses its capital to purchase the Property, it is able to save rental expenses for Beijing Hongkun's office of approximately RMB1 million per annum. On the other hand, if the Group does not proceed with the Acquisition and maintains such amount of capital in its savings account, it would generate an interest income of approximately RMB0.3 million per annum which is significantly less than the amount of rental expenses that could be saved. As the current tenancy agreement for Beijing Hongkun's office is due to expire in December 2021 and the current rent payable thereunder increased by approximately 3% per annum over the past three years, the Board (except the Independent Board Committee) considers that acquisition of the Property is more cost-efficient in the long run. The Board (except the Independent Board Committee) has assessed the capital requirement for the Group's daily operations and other expenditures, and is of the view that the Acquisition will not adversely affect the operation or working capital needs of the Group in any material respect.

The Board (except the Independent Board Committee) considers that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable, and that the Acquisition is in the interests of the Group and the Shareholders as a whole.

5. IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but all of them are under 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Hongkun Weiye is beneficially owned as to 98% by Mr. Zhao Weihao. Mr. Zhao Weihao is our Director and controlling shareholder, and therefore Hongkun Weiye is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

6. INFORMATION ABOUT THE PARTIES

(a) Information on the Company

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2019. The principal business of the Company is property management.

(b) Information on Beijing Hongkun

Beijing Hongkun is a limited liability company incorporated in the PRC on 18 June 2003, and its principal businesses include property management, operation and management of public car parks for motor vehicles and real estate brokerage. Beijing Hongkun is wholly owned by Ye Xing (HK) Holdings Limited, which is in turn wholly owned by Ye Xing Holdings Limited. Ye Xing Holdings Limited is a wholly-owned subsidiary of the Company. Therefore, Beijing Hongkun is an indirect wholly-owned subsidiary of the Company.

(c) Information on Hongkun Weiye

Hongkun Weiye is a limited liability company incorporated in the PRC on 20 August 2002, and its principal businesses include real estate development. Hongkun Weiye is beneficially owned as to 98% by Mr. Zhao Weihao and 2% by independent third parties. Mr. Zhao Weihao is our Director and controlling shareholder, and therefore Hongkun Weiye is a connected person of the Company.

7. THE EGM

A notice convening the EGM to be held at 10:00 a.m. at Room 108, No. 45 Xinrong North Street, Xihongmen, Daxing District, Beijing, PRC on 10 November 2021 is set out on pages EGM-1 to EGM-2 of this circular.

LETTER FROM THE BOARD

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to Tricor Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjournment thereof should you so wish.

8. VOTING BY POLL

Pursuant to the Listing Rules, the votes of the Independent Shareholders on the proposed ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder will be taken by way of poll at the EGM and an announcement on the poll results will be made by the Company after the EGM.

Any Shareholder who has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder shall abstain from voting on the resolution in relation thereto to be proposed at the EGM. As at the Latest Practicable Date, Mr. Zhao Weihao held 237,780,000 Shares indirectly and jointly with another person, representing approximately 58.67% of the existing issued share capital of the Company, and is a controlling shareholder of the Company. Mr. Zhao Weihao has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder as described above, and he is required to abstain from voting on the relevant resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

Save as disclosed above and to the best of the Directors' knowledge, as at the Latest Practicable Date, no other Shareholder had any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and no other Shareholder is required to abstain from voting at the EGM on the relevant resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently transferred control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

LETTER FROM THE BOARD

9. RECOMMENDATIONS

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such respect.

The Directors (except the Independent Board Committee) have considered and approved the proposal in respect of the Acquisition. They are of the view that: (i) the Acquisition is on normal commercial terms or better terms; (ii) the terms and conditions of the Acquisition are fair and reasonable; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Director Mr. Zhao Weihao was deemed to have material interests in this transaction, and he has abstained from voting on the resolution regarding this transaction at the board meeting accordingly. Save for the above person, none of the other Directors has interests in such transaction.

The Independent Board Committee, having taken into account of the terms of the Sale and Purchase Agreement and the advice of the Independent Financial Adviser, considers that although the Acquisition is not in the ordinary and usual course of business of the Group, the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and that the Acquisition is in the interests of the Company and the Shareholders as a whole. Therefore, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the transactions contemplated under the Sale and Purchase Agreement.

In view of the above, the Board (including the Independent Board Committee) considers that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 12 to 13 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the transactions contemplated under the Sale and Purchase Agreement; and (ii) the letter from the Independent Financial Adviser set out on pages 14 to 22 of this circular containing the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as well as the principal factors and reasons considered in respect of the transactions contemplated under the Sale and Purchase Agreement.

LETTER FROM THE BOARD

10. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 November 2021 to 10 November 2021, both days inclusive, for the purpose of ascertaining Shareholder's entitlement to attend and vote at the EGM, during which period no share transfers can be registered. In order to be eligible to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 November 2021.

By Order of the Board
Ye Xing Group Holdings Limited
Ms. Wu Guoqing
Chairman and executive Director

Ye Xing Group Holdings Limited
燁星集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1941)

22 October 2021

To the Independent Shareholders:

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTY**

We refer to the circular dated 22 October 2021 (the “**Circular**”) to the Shareholders by the Company, of which this letter forms part. Unless specified otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

In accordance with the requirements under the Listing Rules, we have been appointed to consider and advise the Independent Shareholders as to whether the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and that the Acquisition in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 11 in the Circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 14 to 22 in the Circular which contains its advice to us in respect of the Acquisition. Your attention is also drawn to the valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited and the additional information set out in the appendices to the Circular.

We have also discussed with the management of the Company regarding the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. We are of the view that although the Acquisition is not in the ordinary and usual course of business of the Group, having considered (i) the terms of the Sale and Purchase Agreement; (ii) the discussions with the management of the Company about the background to and nature of the Sale and Purchase Agreement; and (iii) the advice of the Independent Financial Adviser to us and the Independent Shareholders, we consider that the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We therefore recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,

**Independent Board Committee of
Ye Xing Group Holdings Limited**

Mr. Cheung Wai Hung Mr. Chan Cheong Tat Ms. Chen Weijie Mr. Leung Ka Wo

Independent Non-executive Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in this circular.



18th Floor, Fung House
19–20 Connaught Road Central
Central, Hong Kong

22 October 2021

To: The Independent Board Committee and the Independent Shareholders of Ye Xing Group Holdings Limited

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF PROPERTY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 22 October 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 13 September 2021 (after trading hours), Beijing Hongkun, an indirect wholly-owned subsidiary of the Company, and Hongkun Weiye entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, Hongkun Weiye agreed to dispose of, and Beijing Hongkun agreed to acquire the Property at a consideration of RMB22.76 million (equivalent to approximately HK\$27.39 million).

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but all of them are under 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under chapter 14 of the Listing Rules.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Hongkun Weiye is beneficially owned as to 98% by Mr. Zhao Weihao (“**Mr. Zhao**”). Mr. Zhao is a Director and the controlling shareholder of the Company holding 237,780,000 Shares indirectly and jointly with another person, representing approximately 58.67% of the issued share capital of the Company, and therefore Hongkun Weiye is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders’ approval (by way of convening the EGM) requirements under Chapter 14A of the Listing Rules.

Mr. Zhao was deemed to have material interests in the Acquisition, and he had abstained from voting on the relevant Board resolution regarding the Acquisition. He is also required to abstain from voting on the relevant resolution approving the Acquisition at the EGM.

Save as disclosed above and to the best of the Directors’ knowledge, as at the Latest Practicable Date, no other Shareholder had any material interest in the Acquisition, and no other Shareholder is required to abstain from voting at the EGM on the relevant resolution approving the Acquisition.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising of Mr. Cheung Wai Hung, Mr. Chan Cheong Tat, Ms. Chen Weijie and Mr. Leung Ka Wo being all the independent non-executive Directors, has been formed to advise and make recommendations to the Independent Shareholders in respect of the Acquisition. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in the same regard.

Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the Acquisition is conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable; and (iii) how the Independent Shareholders should vote on the resolution in relation to the Acquisition at the EGM.

OUR INDEPENDENCE

We do not have any relationship with, or interest in, the Group, Mr. Zhao or other parties that could reasonably be regarded as relevant to our independence. Apart from normal independent financial advisory fees paid or payable to us in connection with this appointment, no arrangements existed whereby we had received or will receive any fees or benefits from the Group, Mr. Zhao or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's interim report for the six months ended 30 June 2021 (the "**2021 Interim Report**");
- (ii) the valuation report dated 22 October 2021 in relation to the valuation of the Property as at 31 August 2021 (the "**Valuation**") issued by the Independent Valuer, as set out in Appendix I to the Circular (the "**Valuation Report**");
- (iii) the Sale and Purchase Agreement; and
- (iv) other information as set out in the Circular.

We have also discussed with the Independent Valuer on the valuation methodology, bases and assumptions it adopted in the Valuation Report.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Acquisition, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2019. The principal business of the Company is property management. The Group offers comprehensive property management and related services for residential and non-residential properties in the PRC. According to the 2021 Interim Report, as at 30 June 2021, the Group provided property management services to properties spanning across 12 cities in the Beijing-Tianjin-Hebei Region, Hainan Province, Hubei Province, Anhui Province, Jiangsu Province, Shaanxi Province and Shanghai, managing a total revenue-bearing gross floor area (“GFA”) of approximately 8.1 million square meters (“sq.m.”), comprising 36 residential properties (with over 58,000 units in total) and 20 non-residential properties.

2. Information of Beijing Hongkun

Beijing Hongkun is a limited liability company incorporated in the PRC on 18 June 2003, and its principal businesses include property management, operation and management of public car parks for motor vehicles and real estate brokerage. Beijing Hongkun is wholly owned by Ye Xing (HK) Holdings Limited, which is in turn wholly owned by Ye Xing Holdings Limited. Ye Xing Holdings Limited is a wholly-owned subsidiary of the Company. Therefore, Beijing Hongkun is an indirect wholly-owned subsidiary of the Company.

3. Information of Hongkun Weiye

Hongkun Weiye is a limited liability company incorporated in the PRC on 20 August 2002, and its principal businesses include real estate development. Hongkun Weiye is ultimately 98% beneficially owned by Mr. Zhao. Mr. Zhao is a Director and the controlling shareholder of the Company, and therefore Hongkun Weiye is a connected person of the Company.

4. Information of the Property

The property located at Unit 205 in Block B, No. 1 Hong Fu Road, Daxing District, Beijing, the PRC with a total GFA of 948.6 sq.m.. Block B occupies a parcel of land with a site area of approximately 6,972.52 sq.m. and comprises a 6-storey commercial and office building completed in 2015. The locality is well served by public transportation and supporting facilities. The land use rights of a parcel of land with a site area of approximately 6,972.52 sq.m. was granted to the Hongkun Weiye for terms expiring on 15 August 2042 and 15 August 2052 for commercial and office uses respectively. As advised by the Management, the Property is intended to be used as show center and headquarters office purposes.

5. Reasons for and benefits of the Acquisition

The Property is intended to be held by Beijing Hongkun for office use. In light of the commercial viability of the Property, the Board (including the Independent Board Committee) considers that the Acquisition is a reasonable and effective utilisation of the capital of the Group, which will enable the Group to enhance the Group's asset base. For instance, if the Group uses its capital to purchase the Property, it is able to save rental expenses for Beijing Hongkun's office of approximately RMB1 million per annum. On the other hand, if the Group does not proceed with the Acquisition and maintains such amount of capital in its savings account, it would generate an interest income of approximately RMB0.3 million per annum which is significantly less than the amount of rental expenses that could be saved. As the current tenancy agreement for Beijing Hongkun's office is due to expire in December 2021 and the current rent payable thereunder increased by approximately 3% per annum over the past three years, the Board (including the Independent Board Committee) considers that acquisition of the Property is more cost-efficient in the long run. The Board (including the Independent Board Committee) has also assessed the capital requirement for the Group's daily operations and other expenditures, and is of the view that the Acquisition will not adversely affect the operation or working capital needs of the Group in any material respect.

We note that, as set out in the 2021 Interim Report, as at 30 June 2021, the Group's bank balances and cash was approximately RMB240.7 million while its current ratio (i.e. current assets over current liabilities) was approximately 2.1 times, suggesting that there are indeed capital and liquidity headroom for capital investments. In addition, the consideration for the Acquisition would only represent a fraction of the Group's total equity attributable to the Shareholders of approximately RMB260.4 million as at 30 June 2021. The payment of the consideration of the Acquisition will be solely financed by internal resources of the Group and will not affect the Company's original plan on the use of proceeds from its listing on the Main Board of the Stock Exchange.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Taking into account that: (i) the Company has a sound rationale to relocate Beijing Hongkun's office due to the imminent expiry of the current lease by the end of 2021 so a decision need to be made by the Management as to whether to continue to lease or acquire a self-owned office property; (ii) the Group has ample capital and working capital relative to the size of the Acquisition; and (iii) by acquiring the Property, the Acquisition would enhance the Group's asset base while offering potential capital gains in the future, though the Acquisition is not conducted in the ordinary and usual course of business of the Group given that it is not of a regular day-to-day business affair of the Group, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the Acquisition

Date:	13 September 2021 (after trading hours)
Parties:	(i) Beijing Hongkun (as the buyer); and (ii) Hongkun Weiye (as the seller)
Target:	The property located at Unit 205 in Block B, No. 1 Hong Fu Road, Daxing District, Beijing, the PRC with a total GFA of 948.6 sq.m..
Consideration and Payment:	The total consideration of the Acquisition is RMB22.76 million. Beijing Hongkun shall pay to Hongkun Weiye (i) 30% of the above total consideration, being approximately RMB6.83 million, on the date of the signing of the Sale and Purchase Agreement (which shall be returned to Beijing Hongkun in full in the case if the Acquisition does not complete or if the Acquisition is not approved by the Independent Shareholders) and (ii) the remaining 70% of the above total consideration, being approximately RMB15.93 million, within 30 days after the payment described in (i) above subject to the Independent Shareholders' approval. The Property forms a part of the commercial building which was developed by Hongkun Weiye so the acquisition costs related to the Property borne by Hongkun Weiye can not be quantified.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Delivery: Hongkun Weiye shall deliver the Property to Beijing Hongkun within 7 business days after the date of the relevant resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM being passed.

7. Evaluation of consideration – The Valuation

We have reviewed the Valuation Report and interviewed the project team leader of the Independent Valuer with particular attention to: (i) the terms of engagement of the Independent Valuer with the Company; (ii) the qualifications and experience of the Independent Valuer in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Independent Valuer in performing the Valuation. After our review of the engagement letter between the Company and the Independent Valuer, we are satisfied that the scope of work performed by the Independent Valuer is appropriate to perform the Valuation. We are not aware of any limitation on the scope of work which might have a negative impact on the degree of assurance given by the Independent Valuer. The Independent Valuer has confirmed that it is independent from the Group, Mr. Zhao and its related persons. We further understand that the Independent Valuer is certified with the relevant professional qualifications required to perform the Valuation. The person-in-charge of the Valuation has over 27 years of experience in conducting property valuation services in Hong Kong and the PRC. We also note that the Independent Valuer mainly conducted its due diligence through site inspection, its own research and has relied on public information obtained through its own research as well as the information provided by the Management. The Independent Valuer represented that it has assumed such information to be true, complete and accurate and has accepted it without verification. In light of the above, we are not aware of any matters that would cause us to question the Independent Valuer's expertise and independence and we consider that the Independent Valuer has sufficient expertise and is independent to perform the Valuation.

To assess the Valuation, we have reviewed the Valuation Report and have conducted an interview with the Independent Valuer to discuss and review the methodology, bases and assumptions adopted and assumptions made in arriving at the Valuation. As stated in the Valuation Report, the Independent Valuer has valued the Property based on the assumption that the Seller disposes the Property in the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property.

The Independent Valuer considers that the market approach is the most appropriate valuation method for the Property as it is commonly used to value standard properties when reliable sales evidence is available. The Valuation was conducted by comparing three recent (i.e. within 6 months) sales of property interests located in the surrounding area of the Property (i.e. Xihongmen Area,

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Daxing District) with sales prices range from approximately RMB30,000 to RMB32,000 per sq.m.. The main selection criteria (the “**Selection Criteria**”) adopted by the Independent Valuer are: (i) that the comparable property should be a unit of retail podium beneath Grade B office buildings and residential developments in the vicinity; (ii) that the comparable property should be located within reasonable walking distance from the Property (i.e. that it is located within three kilometers from the Property); (iii) that the size of comparable property should be similar with the subject property (i.e. its GFA is between 500 sq.m. and 1,000 sq.m.); and (iv) that the comparable property should have street level frontage. We also conducted a similar research based on the Selection Criteria and was unable to find additional sales evidence in the locality. However, we have identified one commercial property which came close and met all three Selection Criteria with the exception of being a larger property with a GFA of 1,014 sq.m. and its sales price is at RMB30,600 per sq.m.. Based on the above, we are of the view that the Selection Criteria is appropriate in establishing a fair and representative sample for the Valuation.

The Independent Valuer had evaluated the three comparable properties against the Property and adjustments have then been made to the comparable properties to reflect the differences between them and the Property in terms of, among others, newness of development, convenience level, nearby development status, unit size, location, building age, floor level, state of refurbishment, view, facilities and other relevant factors (i.e. the general factors). Two of the comparable properties are located near the subway lines which are relatively more convenient compared to the Property. All three of the comparable properties are located on the ground floor as opposed to the Property which is located on the second floor. By contrasting among others, these general factors with those of the Property, the Independent Valuer estimated the unit price of the Property to be approximately RMB24,500 per sq.m.. We have interviewed the Independent Valuer on the adjustments applied to the comparable properties and the Independent Valuer had used its professional expertise to assign different weightings to the general factors during adjustments. In determining the relevant adjustments, the Independent Valuer has taken into account the general factors that the Property has inferior floor level and decoration compared to the comparable properties and therefore the aggregate adjustments to the unit selling prices of the comparable properties range from -19% to -21%. We note that the direction of the adjustments is reasonable since the Property has inferior features relative to the comparable properties and therefore negative (instead of positive) adjustments were applied. We also note that the adjustments have been consistently and not selectively applied across the three comparable properties. The Independent Valuer has further confirmed that all of the adjustments applied conform to the market practice. Based on the above, we are of the view that the relevant adjustments applied during the Valuation are fair and reasonable.

Under the Valuation, the appraised value of the Property comes to approximately RMB23.24 million (the “**Appraised Value**”). The consideration for the Acquisition of RMB22.76 million represents a discount of approximately 2.0% to the Appraised Value.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Having considered that: (i) the market approach as adopted by the Independent Valuer in the Valuation Report is a commonly adopted approach for property valuation; (ii) valuation bases and assumptions (including the relevant adjustments) as adopted by the Independent Valuer are customary bases and assumptions adopted in the market approach; (iii) the consideration for the Acquisition was determined with reference to, among other, recently completed market transactions and the Valuation; and (iv) the fact that the consideration for the Acquisition of RMB22.76 million represents a discount of approximately 2.0% to the Appraised Value, we are of the view that consideration for the Acquisition is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Based on the factors discussed above, we are of the opinion that although the Acquisition is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole, and the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable. and on normal commercial terms. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution approving the Acquisition at the EGM.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 13 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2021 of the property interest to be acquired by the Beijing Hongkun.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
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tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

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公司牌照號碼：C-030171

22 October 2021

The Board of Directors
Ye Xing Group Holdings Limited
31/F, Tower 2, Time Square,
No. 1 Matheson Street,
Causeway Bay,
Hong Kong

Dear Sirs,

Pursuant to a Sale and Purchase Agreement entered into between Beijing Hongkun Ruibang Property Management Company Limited (“**Beijing Hongkun**”), an indirect wholly-owned subsidiary of Ye Xing Group Holdings Limited (the “**Company**”) and Hongkun Weiye Property Development Company Limited (“**Hongkun Weiye**”, a connected party of the Company), Hongkun Weiye agreed to dispose of, and Beijing Hongkun agreed to acquire a property located at Hongkun Plaza, No. 1 Hongfu Road, Daxing District, Beijing, the People’s Republic of China (the “**PRC**”).

Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**” or “**we**”) is instructed by the Company to provide valuation service on the property to be acquired for disclosure purpose. In accordance with your instructions, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the property interest as at 31 August 2021 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interest by the comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable market transactions as available in the relevant market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and Hongkun Weiye and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown a copy of Real Estate Title Certificate relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Advisor – Commerce & Finance Law Offices, concerning the validity of the property interest in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and Hongkun Weiye. We have also sought confirmation from the Company and Hongkun Weiye that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title document handed to us are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 31 August 2021 by Mr. Tony Yang who is a member of RICS with 19 years' experience in the property valuation in the PRC and Mr. Shuo Yang who holds a Master of Science degree in Finance with subjects related to real estate finance and possesses more than 3 years' experience in the property valuation in the PRC.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (“**RMB**”).

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in this particular market sector remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of the property under frequent review.

The valuation certificate is attached below for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MRICS MHKIS RPS (GP)

Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest to be acquired by Beijing Hongkun in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
Unit 205 in Block B of Hongkun Plaza No. 1 Hongfu Road Daxing District Beijing The PRC	<p>Block B of Hongkun Plaza occupies a parcel of land with a site area of approximately 6,972.52 sq.m. and it is a 6-storey commercial and office building completed in 2015. In accordance with the title certificate, Levels 1 to 2 of Block B are for commercial use and Levels 3 to 6 are for office use.</p> <p>The property comprises a commercial unit (Unit 205) on Level 2 of Block B of Hongkun Plaza with a gross floor area (“GFA”) of approximately 948.60 sq.m. As at the inspection date, the property has a separate entrance facing the main street and with staircase leading from Level 1 (street level) to Level 2.</p> <p>The land use rights of the property have been granted for a term expiring on 15 August 2042 for commercial use.</p>	<p>As at the valuation date, the property was vacant.</p> <p>As advised by Beijing Hongkun, the property will be used as show center and headquarters office purposes after acquisition.</p>	23,240,000

Notes:

1. The property is located at the central part of Xihongmen area, Daxing District of Beijing. Xihongmen is an emerging development area in the south of Beijing and is well served by public transportation and amenities. Subway Line 4 runs through the area with Xinghongmen Subway Station at about 15 minutes' walking distance from the property. This area has a large number of residential projects which were mainly completed after 2010 as well as several office projects and commercial centers developed after 2015. According to JLL's research, occupancy rate of high-quality shopping malls and commercial centers in Xihongmen area stabilised at around 90% in year 2021. Average unit rent of commercial properties on the street level ranges from RMB4.0 to RMB6.0 per day per sq.m. The average selling price of some commercial buildings ranges from RMB20,000 to RMB32,000 per sq.m., subject to view and floor level difference.
2. Pursuant to a Real Estate Title Certificate – Jing (2016) Da Xing Qu Bu Dong Chan Quan No. 0011470, Block B of Hongkun Plaza with a total GFA of approximately 21,344.45 sq.m. (including the property) is owned by Hongkun Weiye. The land use rights of a parcel of land with a site area of approximately 6,972.52 sq.m. have been granted to Hongkun Weiye for the terms expiring on 15 August 2042 and 15 August 2052 for commercial and office uses respectively.
3. In undertaking our valuation, we have identified and analysed various relevant sales evidences within 6 months in the locality which have similar characteristics as the property, and selected three comparable properties based on the following selection criteria:
 - a. the comparable property should be a unit of retail podium beneath Grade B office buildings or residential developments in the vicinity;
 - b. the comparable property should be located within 3 kilometers from the subject property;
 - c. the GFA of comparable property should be 500 sq.m. to 1,000 sq.m.; and
 - d. the comparable property should have street level frontage.

All of the three selected comparable properties are commercial units on the street level located in the area close to the subject property with similar building conditions, size and facilities as the subject property. The unit rate of these comparable properties ranges from RMB30,000 to RMB32,000 per sq.m. Appropriate adjustments and analysis are considered to the differences in several aspects including location and accessibility, building quality and floor level between the comparable properties and the subject property to arrive at the assumed unit rate. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Details of the three comparable properties and adjustments are set out below, the list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed the valuation of the property.

Comparable	A	B	C
Property	Commercial unit of Xindu Hui	Commercial unit of Huiju Center	Commercial unit of Ideal City
Location	Xinqing North Lane, Daxing District	No. 15 Xining Street, Daxing District	Xinwang North Avenue, Daxing District
Usage	Commercial	Commercial	Commercial
Completion year	2015	2014	2010
GFA (sq.m.)	824.79	518.96	566.71
Level	Street level	Street level	Street level
Location and accessibility	Good	Good	Fair
Unit selling price (RMB/sq.m.)	32,000	30,000	30,000
Adjustment factors:			
Building quality	Similar with subject property	Similar with subject property	Similar with subject property
Floor level	Superior to subject property	Superior to subject property	Superior to subject property
Location and accessibility	Superior to subject property	Superior to subject property	Similar with subject property
Total adjustment	-21%	-21%	-19%
Adjusted unit price (RMB/sq.m.)	25,400	23,800	24,300

Based on the analysis of the three comparable properties, the adjusted average unit rate for the market value of the property is approximately RMB24,500 per sq.m..

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:
 - a. Hongkun Weiye is legally and validly in possession of the property and has the legal rights to occupy, use, earn profit from and dispose of the property; and
 - b. the property is not subject to mortgage, guarantee, seizure or other restrictions on rights.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

Interests in the Company

Name of Director	Nature of interest	Number of Shares held (L) <i>Note 1</i>	Approximate percentage of shareholding
Mr. Zhao Weihao	Interest held jointly with another person; interest in a controlled corporation <i>Note 2</i>	237,780,000	58.67%
Ms. Li Yin Ping	Interest in a controlled corporation <i>Note 3</i>	60,421,000	14.91%

Notes:

- The letter "L" denotes the long position in the Shares.

2. Ascendor Futur Holding Limited (“**Ascendor Futur**”) directly holds 237,780,000 Shares. Ascendor Futur is wholly and beneficially owned by Will Full Holdings Limited (“**Will Full**”), which is in turn beneficially owned by Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin as to 98.62%, 1.00% and 0.38%, respectively. Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin together indirectly control all Shares held by Ascendor Futur. Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin are parties acting in concert pursuant to the Deed of Acting in Concert. By virtue of the SFO, each of Will Full, Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin is deemed to be interested in the same number of Shares in which Ascendor Futur is interested.
3. Winz Strategy Company Limited (“**Winz Strategy**”) directly holds 60,421,000 Shares. Winz Strategy is wholly and beneficially owned by Ms. Li Yin Ping. By virtue of SFO, Ms. Li Yin Ping is deemed to be interested in the same number of Shares in which Winz Strategy is interested.

Interests in associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of Shares held (L) ^{Note 1}	Approximate percentage of shareholding
Mr. Zhao Weihao	Ascendor Futur	Interest held jointly with another person; interest in a controlled corporation ^{Note 2}	1	100%

Notes:

1. The letter “L” denotes the long position in the shares.
2. Ascendor Futur is wholly and beneficially owned by Will Full, which is in turn beneficially owned by Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin as to 98.62%, 1.00% and 0.38%, respectively.

(b) **Interest and short positions of the substantial shareholders' interests in Shares and underlying Shares**

As at the Latest Practicable Date, so far as the Directors were aware, the following persons/entities (not being the Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which were required to be notified to the Company under Divisions 2 and 3 of part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held (L) <i>Note 1</i>	Approximate percentage of shareholding
Ascendor Futur	Beneficial owner <i>Note 2</i>	237,780,000	58.67%
Will Full	Interest in a controlled corporation <i>Note 2</i>	237,780,000	58.67%
Ms. Wu Hong	Interest held jointly with another person; interest in a controlled corporation <i>Note 2</i>	237,780,000	58.67%
Mr. Zhao Bin	Interest held jointly with another person; interest in a controlled corporation <i>Note 2</i>	237,780,000	58.67%
Ms. Wang Qian	Interest of spouse <i>Note 3</i>	237,780,000	58.67%
Winz Strategy	Beneficial owner <i>Note 4</i>	60,421,000	14.91%
Mr. Chan Sheung Chi	Interest of spouse <i>Note 5</i>	60,421,000	14.91%

Notes:

- The letter "L" denotes the long position in our Shares.
- Ascendor Futur is wholly and beneficially owned by Will Full. Will Full is beneficially owned by Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin as to 98.62%, 1.00% and 0.38%, respectively. Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin together indirectly control all the Shares held by Ascendor Futur through Will Full. Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin are parties acting in concert pursuant to the Deed of Acting in Concert. By virtue of the SFO, each of Will Full, Mr. Zhao Weihao, Ms. Wu Hong and Mr. Zhao Bin is deemed to be interested in the same number of Shares in which Ascendor Futur is interested.
- Ms. Wang Qian is the spouse of Mr. Zhao Weihao. Ms. Wang Qian is deemed to be interested in the same number of Shares in which Mr. Zhao Weihao is interested by virtue of the SFO.
- Winz Strategy is wholly and beneficially owned by Ms. Li Yin Ping. By virtue of the SFO, Ms. Li Yin Ping is deemed to be interested in the same number of Shares in which Winz Strategy is interested.
- Mr. Chan Sheung Chi is the spouse of Ms. Li Yin Ping. Mr. Chan Sheung Chi is deemed to be interested in the same number of Shares in which Ms. Li Yin Ping is interested by virtue of the SFO.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

(c) Competing and Other Interests of Directors

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

(d) Material Interests of the Directors in the Transactions

The Director, Mr. Zhao Weihao, beneficially owns 98% of Hongkun Weiye ultimately and is considered to have a material interest in the transactions contemplated under the Sale and Purchase Agreement. Accordingly, he is required to abstain from voting on the Board resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, as no other Directors has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, no other Directors is required to abstain from voting in relation to the relevant Board resolution.

3. INTERESTS HELD BY THE DIRECTORS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

So far as the Company and Directors are aware after making reasonable enquiries, as at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

So far as the Company and Directors are aware after making reasonable enquiries, as at the Latest Practicable Date, none of the Directors was materially interested, either directly or indirectly, in any significant contract or arrangement entered into by the Group that is relevant to the business of the Group and is still valid as at the Latest Practicable Date.

4. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors has or is proposed to have any service contract with any member of the Group that is not determinable within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

6. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have been named in this circular or have given its opinion or advice which are contained in this circular:

Name	Qualifications
Opus Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	independent property valuer

Each of the above experts has confirmed that:

- (a) it has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report or opinion (or summaries thereof) (as the case may be) and references to its name herein in the form and context in which it appears;
- (b) as at the Latest Practicable Date, it did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) as at the Latest Practicable Date, it did not have any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hongkunjwuye.com) from the date of this circular up to and including the date of the EGM:

- (a) the Sale and Purchase Agreement;
- (b) the letter from the Board, the text of which is set out on pages 4 to 11 of this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 12 to 13 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 14 to 22 of this circular;
- (e) the property valuation report, the text of which is set out in Appendix I to this circular;
- (f) the written consents referred to in paragraph headed “Qualifications and Consents of Experts” of this appendix; and
- (g) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Ye Xing Group Holdings Limited 燁星集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1941)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**”) of Ye Xing Group Holdings Limited (the “**Company**”) will be held at 10:00 a.m. at Room 108, No. 45 Xinrong North Street, Xihongmen, Daxing District, Beijing, PRC on 10 November 2021, to consider and, if thought fit, pass with or without amendment the following resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the property sale and purchase agreement dated 13 September 2021 entered into between Beijing Hongkun Ruibang Property Management Company Limited (“**Beijing Hongkun**”) and Hongkun Weiye Property Development Company Limited (“**Hongkun Weiye**”), under which Hongkun Weiye agreed to sell and Beijing Hongkun agreed to acquire the Property at a total consideration of RMB22.76 million (the “**Agreement**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such documents for and on behalf of the Company as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Agreement and the transactions contemplated thereunder.”

By Order of the Board
Ye Xing Group Holdings Limited
Wu Guoqing
Chairman and executive Director

Hong Kong, 22 October 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. For the purpose of determining the identity of the shareholders entitled to attend and vote at the Meeting, the register of members of the Company will be closed from 5 November 2021 to 10 November 2021 both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 4 November 2021.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
4. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorised, and must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours (i.e. 10:00 a.m. on 8 November 2021) before the time fixed for holding of the Meeting.
5. As at the date of this notice, the board of Directors comprises Mr. Zhao Weihao, Ms. Wu Guoqing, Ms. Li Yin Ping and Ms. Zhang Chunying as executive Directors; Mr. Li Yifan as non-executive Director and Mr. Chan Cheong Tat, Mr. Cheung Wai Hung, Ms. Chen Weijie and Mr. Leung Ka Wo as independent non-executive Directors.