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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)

MAJOR AND CONNECTED TRANSACTION

(1) ACQUISITION OF THE EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

AND

(2) CAPITAL INJECTION IN MIANYANG CHENXING

THE ACQUISITION

On 8 January 2024, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor. Pursuant to the terms of the Equity Transfer Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Equity Interest in Sichuan Chenxing at the consideration of RMB45,000,000.

As of the date of this announcement, Sichuan Chenxing is an indirect non-wholly owned subsidiary of the Company and held as to 83.8926% by the Group and 16.1074% by the Vendor. Upon completion of the Acquisition, the Company will hold the entire equity interest in Sichuan Chenxing and Sichuan Chenxing will become an indirect wholly-owned subsidiary of the Company.

THE CAPITAL INJECTION

On 8 January 2024, the Vendor entered into the Capital Injection Agreement with Sichuan Chenxing, pursuant to which the Vendor and Sichuan Chenxing shall make Capital Injection of RMB136,000,000 and RMB154,000,000 into the registered capital of Mianyang Chenxing, respectively. Pursuant to the Equity Transfer Agreement and Capital Injection Agreement, part of the Capital Injection made by the Vendor shall be set off by the consideration for the Acquisition of RMB45,000,000.

Upon completion of the Acquisition, Mianyang Chenxing shall become an indirect wholly-owned subsidiary of the Company. Upon completion of the Capital Injection, the Vendor and Sichuan Chenxing will hold 40% and 60% equity interest in Mianyang Chenxing, respectively, and Mianyang Chenxing will remain a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of the announcement, the Vendor, being the substantial shareholder of Sichuan Chenxing, is a connected person of the Company at the subsidiary level. The Acquisition and the Capital Injection constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted or completed within 12-month period or are otherwise related. In the Acquisition and the Capital Injection, the counterparty of the Group is the Vendor and the consideration of the Acquisition is used to offset the Capital Injection payable by the Vendor, hence the Acquisition and the Capital Injection shall be aggregated.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition and the Capital Injection exceeds 25% but is less than 100%, the entering into of the Equity Transfer Agreement and the Capital Injection Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and are therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Upon completion of the Acquisition, Mianyang Chenxing shall become an indirect wholly-owned subsidiary of the Company. Upon completion of the Capital Injection, the indirect equity interest held by the Company in Mianyang Chenxing will reduce to 60%. Therefore the Capital Injection, if materialized, will constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person at the subsidiary level, (ii) the Board has approved the Acquisition and the Capital Injection, and (iii) the Directors (including the independent non-executive Directors) have confirmed that (1) the terms of the Acquisition and the Capital Injection are fair and reasonable, (2) the Acquisition and the Capital Injection are on normal commercial terms or better and (3) in the interests of the Company and the Shareholders as a whole, the Acquisition and the Capital Injection are subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

White Dynasty BVI, being the controlling Shareholder directly holding 346,944,000 Shares (representing approximately 57.82% of the total number of issued Shares as at the date of this announcement), has given its written approval for the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement. To the best knowledge, information and belief of the Directors, as at the date of this announcement, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement. As such, no Shareholder is required to abstain from voting on the resolution approving the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement if the Company is to convene a general meeting. Accordingly, such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, amongst others, further information of the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 29 January 2024. In the event that the Company is not able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and make further announcement(s) of the expected despatch date of the circular in due course.

THE ACQUISITION

On 8 January 2024, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor. Pursuant to the terms of the Equity Transfer Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Equity Interest in Sichuan Chenxing at the consideration of RMB45,000,000.

The principal terms of the Equity Transfer Agreement are as follows:

- Date:** 8 January 2024
- Parties:**
- (1) the Vendor;
 - (2) the Purchaser; and
 - (3) Sichuan Chenxing.

Subject matter:	Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Equity Interest in Sichuan Chenxing.
Consideration and payment:	<p>The consideration for the Acquisition is RMB45,000,000. The parties to the Equity Transfer Agreement agreed that the consideration of RMB45,000,000 shall be payable by Sichuan Chenxing to the Vendor and shall be used to offset part of the Capital Injection payable by the Vendor.</p> <p>The consideration of RMB45,000,000 was determined after arm's length negotiations among the Purchaser and the Vendor with reference to the net asset value of Sichuan Chenxing (after deduction of dividend to be distributed) as at 30 June 2022.</p>
Condition precedent:	Completion is conditional upon the Company having obtained the approval by the Shareholders approving the Equity Transfer Agreement and the Acquisition.
Completion:	Completion shall take place upon the equity transfer registration. Following the completion of the Acquisition, Sichuan Chenxing will become an indirect wholly-owned subsidiary of the Company.

THE CAPITAL INJECTION

On 8 January 2024, the Vendor entered into the Capital Injection Agreement with Sichuan Chenxing, pursuant to which the Vendor and Sichuan Chenxing shall make a capital injection of RMB136,000,000 and RMB154,000,000 into the registered capital of Mianyang Chenxing, respectively. Pursuant to the Equity Transfer Agreement and Capital Injection Agreement, part of the Capital Injection made by the Vendor shall be set off by the consideration for the Acquisition of RMB45,000,000.

The principal terms of the Capital Injection Agreement are as follows:

Date: 8 January 2024

Parties:

- (1) the Vendor;
- (2) Sichuan Chenxing; and
- (3) Mianyang Chenxing.

Subject matter: Pursuant to the terms of the Capital Injection Agreement, the Vendor and Sichuan Chenxing shall make a Capital Injection of RMB136,000,000 and RMB154,000,000 into the registered capital of Mianyang Chenxing, respectively.

Condition precedent: Completion is conditional upon the Company having obtained the approval by the Shareholders approving the Equity Transfer Agreement and the Acquisition.

The Capital Injection in the total amount of RMB290,000,000 by the Vendor and Sichuan Chenxing was determined based on arm's length negotiations among the parties with reference to, among other things, the business prospects and financial conditions of Mianyang Chenxing.

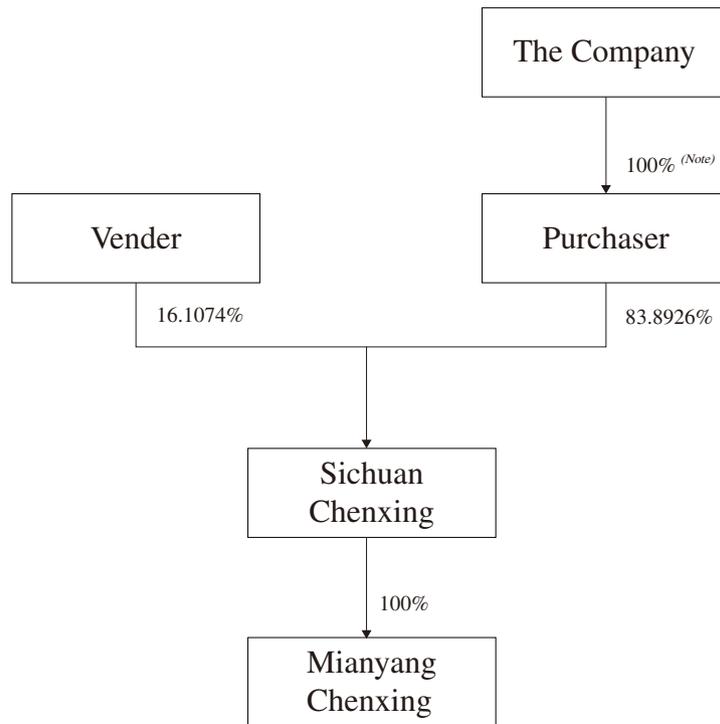
Payment of the Capital Injection in the total amount of RMB290,000,000 will be satisfied by offsetting (1) the consideration of RMB45,000,000 for the Acquisition payable by Sichuan Chenxing to the Vendor; (2) payment of dividend by Sichuan Chenxing to the Vendor and the Purchaser; and (3) certain outstanding indebtedness due from Mianyang Chenxing to Sichuan Chenxing. There will be no additional cash or fund injected into Mianyang Chenxing upon the completion of the Capital Injection.

Upon completion of the Capital Injection, the Vendor and Sichuan Chenxing will hold 40% and 60% equity interest in Mianyang Chenxing, respectively, and Mianyang Chenxing will remain a subsidiary of the Company.

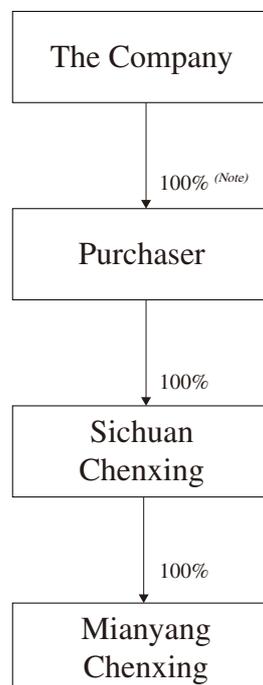
SHAREHOLDING STRUCTURE OF SICHUAN CHENXING AND MIANYANG CHENXING

The shareholding structure of Sichuan Chenxing and Mianyang Chenxing before and after completion of the Acquisition and Capital Injection is set out below:

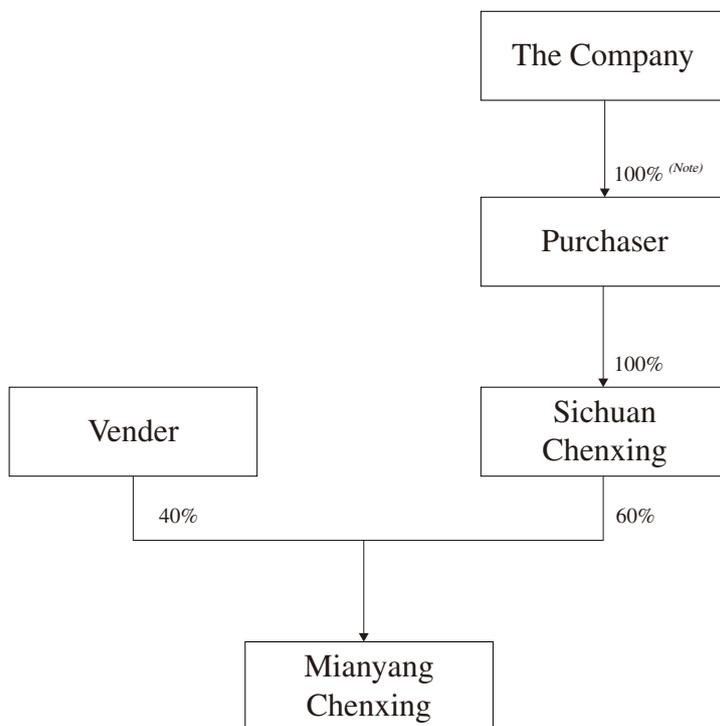
Before completion of the Acquisition



After completion of the Acquisition and before completion of the Capital Injection



**After completion of the Acquisition and
the Capital Injection**



Note: The Purchaser is an indirect wholly-owned subsidiary of the Company.

FINANCIAL INFORMATION OF SICHUAN CHENXING GROUP

Set out below is a summary of the unaudited consolidated financial information of Sichuan Chenxing Group for the year ended 31 December 2022 (“FY22”) and 31 December 2021 (“FY21”):

	FY22 <i>RMB'000</i>	FY21 <i>RMB'000</i>
Net profit before taxation	32,744	106,872
Net profit after taxation	15,094	69,437
Net asset	700,618	693,492

Set out below is a summary of the unaudited consolidated financial information of Mianyang Chenxing for FY22 and FY21:

	FY22 <i>RMB'000</i>	FY21 <i>RMB'000</i>
Net loss before and after taxation	22,270	42,862
Net asset/(net liabilities)	(16,196)	6,574

INFORMATION OF THE GROUP AND THE PARTIES

The Group

The Company is an investment holding company and its subsidiaries are principally engaged in property development with focus on development projects of residential and commercial properties.

The Purchaser

The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Its principal business is development and sale of properties.

The Vendor

The Vendor is a company established in the PRC with limited liability and is principally engaged in real estate development. Mr. Miao Wei and Mr. Miao Xiongwei are the ultimate beneficial owner of the Vendor. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, based on the information available to the Company, save for the interest in Sichuan Chenxing held by the Vendor, Mr. Miao Wei and Mr. Miao Xiongwei, the Vendor, Mr. Miao Wei and Mr. Miao Xiongwei are third parties independent of the Group and its connected persons.

Sichuan Chenxing

Sichuan Chenxing is an indirect non-wholly owned subsidiary of the Company. Sichuan Chenxing is principally engaged in development and sale of properties.

Mianyang Chenxing

Mianyang Chenxing is an indirect non-wholly owned subsidiary of the Company. Mianyang Chenxing is principally engaged in development and sale of properties.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND CAPITAL INJECTION

The Board considers that the Acquisition represents a valuable opportunity to acquire Sichuan Chenxing as a wholly-owned subsidiary of the Company which enhances the flexibility of dividend distribution and capital management. The Acquisition will help the Group to achieve an independent operation of Sichuan Chenxing and thereby creating a flexible business development environment.

The Board is also of the view that the Capital Injection which offsets the outstanding indebtedness will improve the liquidity and the financial stability of Mianyang Chenxing. In particular, by applying the proceeds from the Acquisition, the Capital Injection will allow the Vendor to continue investing in Sichuan Chenxing Group and funding the property development projects of Mianyang Chenxing after the Vendor's exit from Sichuan Chenxing as Sichuan Chenxing has completed all property projects, save for the residential property projects of Mianyang Chenxing.

Accordingly, the Directors (including all the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the Capital Injection Agreement are fair and reasonable, and that the Acquisition and the Capital Injection are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of the announcement, the Vendor, being the substantial shareholder of Sichuan Chenxing, is a connected person of the Company at the subsidiary level. The Acquisition and the Capital Injection constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted or completed within 12-month period or are otherwise related. In the Acquisition and the Capital Injection, the counterparty of the Group is the Vendor and the consideration of the Acquisition is used to offset the Capital Injection payable by the Vendor, hence the Acquisition and the Capital Injection shall be aggregated.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition and the Capital Injection exceeds 25% but is less than 100%, the entering into of the Equity Transfer Agreement and the Capital Injection Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and are therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Upon completion of the Acquisition, Mianyang Chenxing shall become an indirect wholly-owned subsidiary of the Company. Upon completion of the Capital Injection, the indirect equity interest held by the Company in Mianyang Chenxing will reduce to 60%. Therefore the Capital Injection, if materialized, will constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person at the subsidiary level, (ii) the Board has approved the Acquisition and the Capital Injection, and (iii) the Directors (including the independent non-executive Directors) have confirmed that (1) the terms of the Acquisition and the Capital Injection are fair and reasonable, (2) the Acquisition and the Capital Injection are on normal commercial terms or better and (3) in the interests of the Company and the Shareholders as a whole, the Acquisition and the Capital Injection are subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

White Dynasty BVI, being the controlling Shareholder directly holding 346,944,000 Shares (representing approximately 57.82% of the total number of issued Shares as at the date of this announcement), has given its written approval for the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement. To the best knowledge, information and belief of the Directors, as at the date of this announcement, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement. As such, no Shareholder is required to abstain from voting on the resolution approving the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement if the Company is to convene a general meeting. Accordingly, such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

None of the Directors had material interests in the transactions or was required to abstain from voting on the relevant resolutions of the Board.

A circular containing, amongst others, further information of the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 29 January 2024. In the event that the Company is not able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and make further announcement(s) of the expected despatch date of the circular in due course.

DEFINITIONS

Unless the context otherwise requires, the following terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the Equity Interest under the Equity Transfer Agreement
“Board”	the board of Directors
“Capital Injection”	the injection of capital in the amount of RMB290,000,000 pursuant to the terms and conditions of the Capital Injection Agreement
“Capital Injection Agreement”	the capital injection agreement dated 8 January 2024 entered into between the Vendor, Sichuan Chenxing and Mianyang Chenxing in relation to the Capital Injection
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Interest”	the entire 16.1074% equity interest in Sichuan Chenxing held by the Vendor, being the subject matter of the Acquisition
“Equity Transfer Agreement”	the equity transfer agreement dated 8 January 2024 entered into among the Purchaser, the Vendor and Sichuan Chenxing in relation to the Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mianyang Chenxing”	Mianyang Chenxing Yazhi Real Estate Development Co., Limited* (綿陽辰興雅致房地產發展有限公司), a company established under the laws of the PRC with limited liability, an indirect non-wholly owned subsidiary of the Company
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Chenxing Real Estate Development Co., Ltd* (辰興房地產發展有限公司), a company established under the laws of the PRC with limited liability, an indirect wholly-owned subsidiary of the Company and a substantial shareholder of Sichuan Chenxing
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Sichuan Chenxing”	Sichuan Chenxing Real Estate Development Co., Limited* (四川辰興房地產發展有限公司), a company established under the laws of the PRC with limited liability
“Sichuan Chenxing Group”	Sichuan Chenxing and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sichuan Changxing Industrial (Group) Company Limited* (四川長興實業(集團)有限公司), a company established under the laws of the PRC with limited liability

“White Dynasty BVI”

White Dynasty Global Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by White Empire (PTC) Limited (白氏帝國(私人信託)有限公司), a company incorporated in the British Virgin Islands with limited liability which was wholly-owned by Mr. Bai Xuankui (白選奎), the chairman and executive Director of the Board and a controlling Shareholder

* *English name for identification purpose only*

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

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

Shanxi, the People’s Republic of China, 8 January 2024

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