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Chen Xing Development Holdings Limited

辰興發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2286)

DISCLOSEABLE TRANSACTION IN RESPECT OF ACQUISITION OF 100% EQUITY INTEREST IN TARGET COMPANY

THE AGREEMENT

On 13 April 2017 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell 100% equity interest in the Target at a maximum consideration of RMB250,000,000 (equivalent to approximately HK\$282,500,000) subject to the terms and conditions of the Agreement. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

Upon Completion, the Company will indirectly hold 100% of the equity interest in the Target and the Target will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

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

INTRODUCTION

On 13 April 2017 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell 100% equity interest in the Target at a maximum consideration of RMB250,000,000 (equivalent to approximately HK\$282,500,000) subject to the terms and conditions of the Agreement.

THE AGREEMENT

Date: 13 April 2017

Parties: (1) the Purchaser; and
(2) the Vendors.

As at the date of this announcement and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell 100% equity interest in the Target.

Consideration

The Consideration payable by the Purchaser for the Acquisition is RMB250,000,000 (equivalent to approximately HK\$282,500,000), which shall be conditionally deposited into the Escrow Account within 7 business days after signing of the Agreement and shall be released to the Vendors subject to fulfillment of the conditions precedent under the Agreement.

The Consideration was determined with reference to the market value, the future development potential of the Land and the prevailing market price of land in Hainan Province, the PRC. The Directors consider the terms and conditions of the Acquisition have been arrived at after arm's length negotiations between the Purchaser and the Vendors and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors consider the terms and conditions of the Acquisition to be on normal commercial terms.

The Group intends to finance the Consideration by internal resources of the Group.

Conditions precedent

Completion of the Acquisition is subject to the satisfaction of the following conditions precedent:

- (a) payment of land costs in the sum of RMB46,948,583.04 (equivalent to approximately HK\$53,051,898) and all other related outstanding costs and penalties from the Escrow Account within 5 business days from the date of establishment of the Escrow Arrangement;

- (b) the issuance of a new land certificate for the Land showing an aggregate area of 43,795.32 sq. m. and land use for wholesale and retail purpose (including finance, accommodation and catering) within 30 business days after the payment of the costs under above paragraph (a);
- (c) the Vendors providing all supporting documents and receipts in relation to outstanding liabilities of the Target prior to the Escrow Arrangement to the Purchaser for approval and upon granting such approval, such outstanding liabilities will be settled from monies paid out of the Escrow Account;
- (d) Within 180 days from the date of the Agreement (i) the Vendors procuring the change of land use of the Land to residential use and obtaining a new land certificate for such use with an aggregate area of not less than 43,795.32 sq. m. among which not less than 60% of such area should be used for residential purpose; and (ii) the Target and the relevant land authorities entering into supplemental agreement agreeing that the floor area ratio of the Land to be not less than 2.6;
- (e) the Purchaser becoming the sole shareholder holding 100% of the equity interests of the Target;
- (f) the Escrow Arrangement being released by the parties;
- (g) Three months have elapsed since the Target have published advertisement on newspaper of provincial level requiring debtors to report their liabilities to the Target; and
- (h) the representations, warranties and undertakings given by the Vendors and the Target as set out in the Agreement remaining true and accurate and not misleading in all respects at the date of the Agreement.

If the condition under above paragraph (c) is not completed within 180 days from the date of the Agreement, the Vendors agree to reduce the amount of Consideration by RMB50 million (equivalent to approximately HK\$56.5 million), such that the adjusted Consideration would be RMB200 million (equivalent to approximately HK\$226 million) and the Vendors shall be released from their obligation to change the land use of the Land to residential use and the relevant costs for such change of land use shall be borne by the Vendors.

Completion

Completion shall take place after the fulfillment of all the conditions precedent.

Upon Completion, the Company will indirectly hold 100% of the equity interest in the Target and the Target will become an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE TARGET

The Target is a company established under the laws of the PRC with limited liability on 30 May 2007. The Target currently is not engaged in any business activity and its major asset is the land parcel situated in Haikou High Technology Development District Medicine Valley Industrial Park, Hainan Province, the PRC with an aggregate area of 43,795.32 sq. m.

The unaudited net asset value of the Target as at 31 December 2016 was approximately RMB19,440,000 (equivalent to approximately HK\$21,967,200). Set out below is a summary of the unaudited financial information of the Target:

	For the year ended	
	31 December	
	2015	2016
	<i>RMB</i>	<i>RMB</i>
Net loss before and after taxation	4,500	4,900

REASONS FOR THE ACQUISITION

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

As at the date of this announcement, the Target holds a land parcel situated in Haikou High Technology Development District Medicine Valley Industrial Park, Hainan Province, the PRC with an aggregate area of 43,795.32 sq. m.

The Directors consider that the Acquisition would enable the Company to develop the Land held by the Target and to expand its business network to other geographic locations across the PRC, which are strategically important to the Group's long term prospects as well as the broadening of its revenue base.

Taking into account of the above, the Board believes that the Acquisition is in the ordinary and usual course of business of the Group. The Board considers that the terms of the Acquisition are fair and reasonable and in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATION

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

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition by the Purchaser of 100% equity interest in the Target from the Vendors subject to and upon the terms and conditions of the Agreement
“Agreement”	the conditional equity transfer agreement dated 13 April 2017 entered into between the Purchaser and the Vendors in respect of the Acquisition
“Board”	board of the Directors
“Consideration”	the maximum amount of consideration payable by the Purchaser under the Agreement in relation to the Acquisition
“Company”	Chen Xing Development Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Escrow Account”	an escrow account set up at a bank by the Vendors to be operated by both the Vendors and the Purchaser;
“Escrow Arrangement”	the deposit of the Consideration into Escrow Account and its operation shall be governed by the terms of an escrow agreement entered into by the bank, the Vendors and the Purchaser
“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies) ”	third party(ies) who is/are independent of and not connected with, the Company and its connected persons
“Land”	land parcel situated in Haikou High Technology Development District Medicine Valley Industrial Park, Hainan Province, the PRC with an aggregate area of 43,795.32 sq. m.

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau 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 in the PRC with limited liability, being an indirect wholly-owned subsidiary of the Company and the purchaser to the Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Hainan DeGao Investment Co., Ltd.* (海南德高投資有限公司), a company established in the PRC with limited liability
“Vendors”	Two natural persons who are Independent Third Parties, being the vendors to the Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* *The English translation of Chinese names or words in this announcement is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

For illustration purpose, amounts in RMB in this announcement have been translated in to HK\$ at the exchange rate of RMB1=HK\$1.13.

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

Hong Kong, 18 April 2017

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. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing.