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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

Capitalised terms used on this cover page have the same meanings as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 19 of this circular.

The Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement have been approved by written approval obtained from White Dynasty BVI, the controlling Shareholder, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

28 March 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions 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
“Disposal”	the disposal of the entire 51% equity interest in Jinzhong Development Zone Real Estate Development Co., Ltd.* (晉中開發區房地產開發有限公司)
“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
“Forecast Period”	the 12 months from the date of this circular

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	Vincorn Consulting and Appraisal Limited, an independent valuer in connection with its valuation of the property interests of Mianyang Chenxing as at 31 December 2023
“Latest Practicable Date”	25 March 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“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 circular, 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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“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
“Valuation Report”	the valuation report in respect of the valuation of the property interests of Mianyang Chenxing, using the market approach with 31 December 2023 as the valuation date, a summary of which has been enclosed in Appendix II to this circular
“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 circular are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Bai Xuankui (*Chairman*)
Mr. Bai Wukui (*Chief Executive Officer*)
Mr. Bai Guohua
Mr. Dong Shiguang

Independent non-executive Directors:

Mr. Tian Hua
Mr. Qiu Yongqing
Ms. Gao Jianhua

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Head office and principal place
of business in the PRC:*

18 Anning Street
Yuci District
Jinzhong City
Shanxi Province
The PRC

*Principal place of business
in Hong Kong:*

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

28 March 2024

To the Shareholders

Dear Sir or Madam

MAJOR AND CONNECTED TRANSACTION

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

AND

(2) CAPITAL INJECTION IN MIANYANG CHENXING

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcements of the Company dated 8 January 2024 and 7 February 2024 in relation to the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement.

The purpose of this circular is to provide you with information regarding, among other things, (i) further details in relation to the Acquisition, the Equity Transfer Agreement, the Capital Injection and the Capital Injection Agreement; and (ii) other information required under the Listing Rules.

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.

LETTER FROM THE BOARD

Consideration and payment:

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.

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. The adjusted unconsolidated net asset value of Sichuan Chenxing was RMB283.8 million, which was determined based on the unconsolidated net asset value of Sichuan Chenxing of RMB685.4 million as at 30 June 2022 according to the independent auditors' report, as adjusted by the dividend to be distributed of RMB401.6 million. The consideration of RMB45,000,000 represented approximately 16.1074% of the adjusted unconsolidated net asset value of Sichuan Chenxing.

LETTER FROM THE BOARD

The unaudited unconsolidated net asset value of Sichuan Chenxing (after deduction of dividend to be distributed) was RMB288.6 million as at 30 September 2023. For illustrative purpose only, the consideration of the Acquisition represented a discount of approximately 3.19% of the 16.1074% of the unaudited unconsolidated net asset of Sichuan Chenxing as at 30 September 2023. As (i) the Directors considered that there was no material difference between the net asset value of Sichuan Chenxing as at 30 September 2023 and that as at 30 June 2022; and (ii) the consideration had been determined during the early stage of the negotiation between the parties and no subsequent auditors' report was issued, the Purchaser and the Vendor agreed to determine the consideration of the Acquisition based on the net asset value of Sichuan Chenxing as at 30 June 2022.

The adjusted consolidated net asset value of Sichuan Chenxing Group (after deduction of dividend to be distributed) was RMB309.1 million as at 30 June 2022. For illustrative purpose only, the consideration of the Acquisition represented a discount of approximately 9.6% of the 16.1074% of the unaudited consolidated net asset of Sichuan Chenxing Group as at 30 June 2022. As (i) the Directors considered that there was no material difference between the adjusted net asset value of Sichuan Chenxing and that of Sichuan Chenxing Group as at 30 June 2022; and (ii) the Purchaser and the Vendor agreed to determine the consideration of the Acquisition based on the net asset value of Sichuan Chenxing as at 30 June 2022, the Directors considered it is appropriate to determine the consideration of the Acquisition using the adjusted net asset value of Sichuan Chenxing and are of the view that such basis is fair and reasonable.

LETTER FROM THE BOARD

For the avoidance of doubt, the Equity Transfer Agreement and the Capital Injection Agreement are not inter-conditional to each other, but it is intended that the consideration of RMB45,000,000 under the Equity Transfer Agreement shall be used to offset part of the Capital Injection payable by the Vendor under the Capital Injection Agreement.

Condition precedent:

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

As at the Latest Practicable Date, written approval from White Dynasty BVI, the controlling Shareholder, has been obtained and the condition precedent under the Equity Transfer Agreement has been fulfilled.

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.

LETTER FROM THE BOARD

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 Capital Injection Agreement.

The Equity Transfer Agreement and the Capital Injection Agreement are not inter-conditional to each other, but it is intended that the consideration of RMB45,000,000 under the Equity Transfer Agreement shall be used to offset part of the Capital Injection payable by the Vendor under the Capital Injection Agreement.

LETTER FROM THE BOARD

As at the Latest Practicable Date, written approval from White Dynasty BVI, the controlling Shareholder, has been obtained and the condition precedent under the Capital Injection Agreement has been fulfilled and the Acquisition is pending completion. The Equity Transfer Agreement will hence be proceeded and the consideration of RMB45,000,000 under the Equity Transfer Agreement will be used to offset part of the Capital Injection payable by the Vendor.

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 (i) dividend payable by Sichuan Chenxing; (ii) outstanding indebtedness of Sichuan Chenxing due to the Purchaser and the Vendor; and (iii) business prospects of Mianyang Chenxing:

- i. On 2 January 2024, Sichuan Chenxing declared a dividend of approximately RMB175.5 million and RMB226.1 million to the Purchaser and the Vendor, respectively. Payment of the Capital Injection will be satisfied by offsetting (i) the consideration for the Acquisition of RMB45,000,000 payable by Sichuan Chenxing on behalf of the Vendor; and (ii) the dividend payable of RMB154 million and RMB91 million to the Purchaser and the Vendor, respectively. There will be no additional cash or fund injected into Mianyang Chenxing upon the completion of the Capital Injection.
- ii. The remaining dividend of RMB156.6 million payable by Sichuan Chenxing to the Purchaser and the Vendor shall be offset by other outstanding indebtedness due from the Purchaser and the Vendor, being the project development costs which were previously paid by Sichuan Chenxing on behalf of the Purchaser and the Vendor.
- iii. The underlying assets of Mianyang Chenxing comprise mixed-use residential and commercial developments, namely two phases of Changxing Jinhu Garden (長興金湖庭院) project. The construction of Phase One of the project has been completed and Mianyang Chenxing is in the course of applying for the Construction Project Work Completion Certificate which is expected to be obtained by April 2024, whereas Phase Two of the project is undergoing project positioning and is awaiting approval for its building. It is expected that Phase Two of the project would incur a construction cost of approximately RMB708,330,000.

The dividend payable to the Purchaser and the Vendor and the construction cost for Phase Two of Changxing Jinhu Garden (長興金湖庭院) project shall in aggregate amount to a cash outflow of RMB953 million. Sichuan Chenxing shall settle the remaining dividend payable to the

LETTER FROM THE BOARD

Purchaser and the Vendor by offsetting other outstanding indebtedness due from the Purchaser and the Vendor. Whilst Mianyang Chenxing has quick assets of approximately RMB464 million as at 30 June 2023, the capital injection of RMB290 million shall ease the cash outflow issue and relieve the capital pressure of Mianyang Chenxing.

Set out below are the details of the offsetting arrangement regarding (i) the consideration of RMB45 million payable by the Purchaser under the Equity Transfer Agreement and (ii) the Capital Injection payable to Mianyang Chenxing under the Capital Injection Agreement:

- i. Pursuant to the Equity Transfer Agreement, the consideration of RMB45 million payable by the Purchaser to the Vendor shall instead be payable by Sichuan Chenxing on behalf of the Purchaser to the Vendor. Simultaneously, the Vendor entered into the Capital Injection Agreement with Sichuan Chenxing, pursuant to which the Vendor agreed to make a capital injection of RMB136 million into Mianyang Chenxing. Since Mianyang Chenxing is a subsidiary of Sichuan Chenxing, the consideration of RMB45 million which was initially payable by Sichuan Chenxing to the Vendor was used to offset part of the capital injection payable by the Vendor to Mianyang Chenxing. The remaining capital injection of RMB91 million which shall be payable by the Vendor into Mianyang Chenxing, shall be offset by the partial dividend payable to the Vendor by Sichuan Chenxing, such that no additional fund will be injected into Mianyang Chenxing by the Vendor after completion of the Capital Injection.
- ii. An amount of approximately RMB226.1 million was due from Sichuan Chenxing to the Purchaser, being the dividend payable declared by Sichuan Chenxing on 2 January 2024. Pursuant to the Capital Injection Agreement, the partial dividend of RMB154 million which shall be payable to the Purchaser, shall be paid to Mianyang Chenxing by Sichuan Chenxing as capital injection by the Purchaser. To settle part of the outstanding indebtedness due from Mianyang Chenxing to Sichuan Chenxing, being the project development costs which were previously paid by Sichuan Chenxing on behalf of Mianyang Chenxing, the capital injection of RMB154 million shall be offset such that no additional fund will be injected into Mianyang Chenxing by Sichuan Chenxing after completion of the Capital Injection.

Prior to the Capital Injection, the total registered capital of Mianyang Chenxing was RMB50 million. Upon completion of the Capital Injection, the Vendor and Sichuan Chenxing would have in total contributed RMB136 million and RMB204 million, respectively, and thus hold 40% and 60% equity interest in Mianyang Chenxing, respectively, and Mianyang Chenxing will remain a subsidiary of the Company.

LETTER FROM THE BOARD

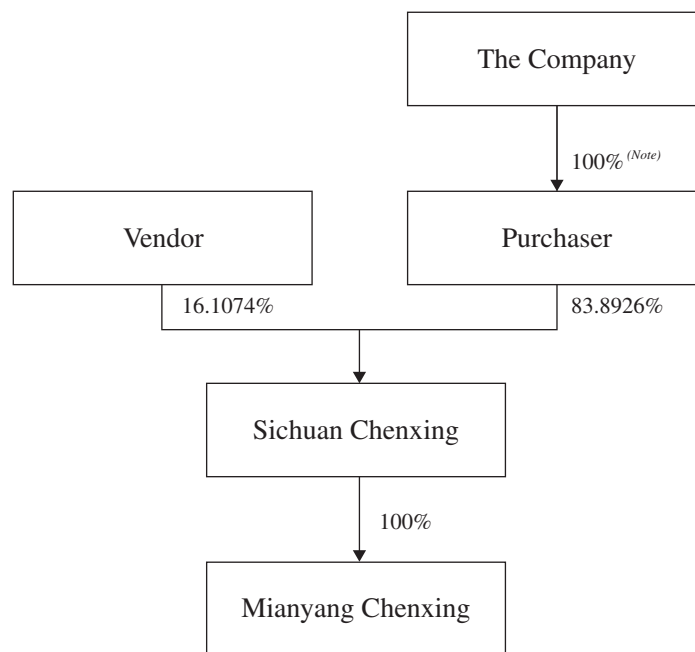
As Mianyang Chenxing will remain as a subsidiary of the Group after the completion of the Capital Injection, the gain or loss arising from the Capital Injection will not be recognised in the consolidated income statement of the Group.

Mianyang Chenxing's major assets comprised the property interests. For details, please refer to Appendix II to this circular.

SHAREHOLDING STRUCTURE OF SICHUAN CHENXING AND MIANYANG CHENXING

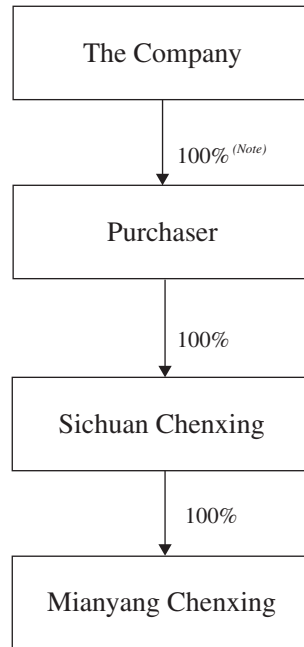
The shareholding structure of Sichuan Chenxing and Mianyang Chenxing before and after completion of the Acquisition and Capital Injection is set out below:

Before completion of the Acquisition

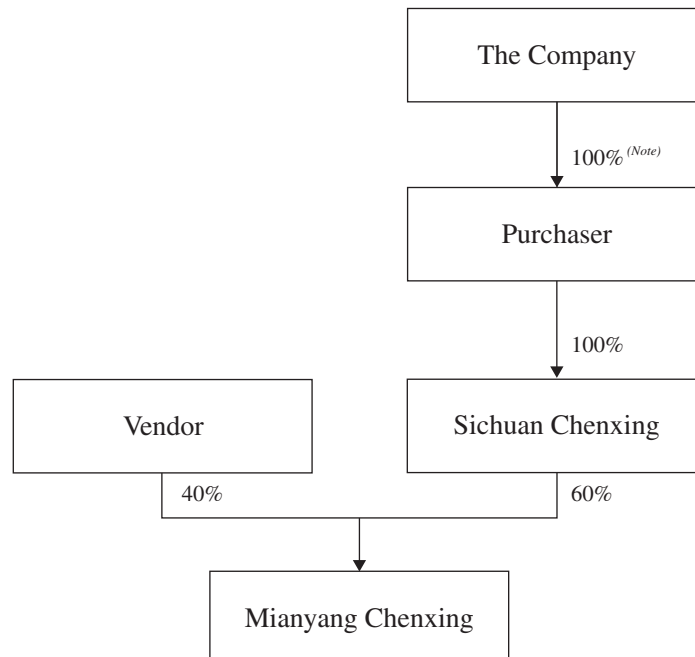


LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

FINANCIAL INFORMATION OF SICHUAN CHENXING GROUP, SICHUAN CHENXING AND MIANYANG CHENXING

Set out below is a summary of the unaudited consolidated financial information of Sichuan Chenxing Group for the year ended 31 December 2021 (“FY21”) and 31 December 2022 (“FY22”) and the six months ended 30 June 2023:

	For the six months ended 30 June 2023	FY22	FY21
	RMB'000	RMB'000	RMB'000
Net profit/(loss) before taxation	(7,790)	32,744	106,872
Net profit/(loss) after taxation	(7,790)	15,094	69,437
Net assets	859,239	700,618	693,492

Set out below is a summary of the unaudited consolidated financial information of Sichuan Chenxing for FY21, FY22 and the six months ended 30 June 2023:

	For the six months ended 30 June 2023	FY22	FY21
	RMB'000	RMB'000	RMB'000
Net profit/(loss) before taxation	(229)	55,341	151,852
Net profit/(loss) after taxation	(229)	48,128	93,023
Net assets	684,174	684,403	752,966

Set out below is a summary of the unaudited consolidated financial information of Mianyang Chenxing for FY21, FY22 and the six months ended 30 June 2023:

	For the six months ended 30 June 2023	FY22	FY21
	RMB'000	RMB'000	RMB'000
Net (loss) before and after taxation	(7,561)	(22,270)	(42,862)
Net assets/(net liabilities)	(23,824)	(16,196)	6,574

LETTER FROM THE BOARD

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 residential and commercial properties.

The underlying assets of Sichuan Chenxing comprise mixed-use residential and commercial developments, namely (1) Chenxing Tianyu (辰興天御) project; (2) Chenxing Youshan Meijun (辰興優山美郡) project; and (3) two phases of Changxing Xingcheng (長興星城) project. The projects are all located in Mianyang Science and Technology City New District (綿陽市科技城新區). The construction of the projects has been completed and the sale of properties has been commenced.

Mianyang Chenxing

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

LETTER FROM THE BOARD

The underlying assets of Mianyang Chenxing comprise mixed-use residential and commercial developments, namely two phases of Changxing Jihu Garden (長興金湖庭院) project. The project is located in Jinxihu North Road, Fucheng District, Mianyang City (綿陽市涪城區金家林金西湖北路). The construction of Phase One of the project has been completed and is in preparation for sale, and Mianyang Chenxing is in the course of applying for the Construction Project Work Completion Certificate which is expected to be obtained by April 2024. Phase Two of the project is undergoing product positioning and is awaiting approval for its building plan.

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 partial dividend payable to the Vendor and the Purchaser will improve the liquidity and the financial stability of Sichuan 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 residential and commercial property development projects of Mianyang Chenxing namely two phases of Changxing Jihu Garden (長興金湖庭院) project after the Vendor's exit from Sichuan Chenxing as Sichuan Chenxing has completed all property projects. In particular, Phase Two of the project is undergoing product positioning and is awaiting approval for its building plan. The Capital Injection will hence allow more financial resources to support the development of the property project of Mianyang Chenxing which may potentially bring greater financial return to the Group. Furthermore, with the introduction of the Vendor being the shareholder of Mianyang Chenxing, it will also help mitigate the financial exposure of the Group and reduce the potential impact of any adverse events or market fluctuations.

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.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE ACQUISITION AND CAPITAL INJECTION

After completion of the Acquisition and Capital Injection, Sichuan Chenxing and Mianyang Chenxing remain as a subsidiary of the Group and their financial results, assets and liabilities will continue to be consolidated into the Company's consolidated financial statements. As such, there will not be any profit or loss effect to the Group.

As a result of the Capital Injection of RMB136,000,000 by the Vendor, the total assets of the Group shall increase accordingly. Pursuant to the Equity Transfer Agreement, the consideration for the Acquisition of RMB45,000,000 shall be payable to the Vendor by Sichuan Chenxing on behalf of the Purchaser. Hence, since the Capital Injection of RMB136,000,000 shall be offset by the consideration for the Acquisition of RMB45,000,000, the total liabilities of the Group shall decrease accordingly. Therefore, although no additional cash or fund shall be injected into Mianyang Chenxing upon completion of the Capital Injection, the Group is expected to record an increase of RMB91,000,000 in its total net assets.

LISTING RULES IMPLICATIONS

Connected Transactions

As at the date of this circular, 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 connected transactions for the Company under Chapter 14A 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.

LETTER FROM THE BOARD

Major Transactions

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.

As the Acquisition and Capital Injection involves both acquisition and disposal by the Company and is therefore required under Rule 14.24 of the Listing Rules to be classified by reference to the larger of the Acquisition and the Capital Injection.

As (a) one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are 5% or more but each of them is less than 25%; and (b) one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Capital Injection are 25% or more but each of them is less than 75%, the Acquisition and Capital Injection constitutes a major transaction of the Company under Chapter 14 of the Listing Rule. The Acquisition will also constitute a major transaction for the Company but will not be subject to the content requirements applicable to major transactions pursuant to Rule 14.24 of the Listing Rules.

Shareholders' Approval

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 circular), 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 circular, 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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including all the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and Capital Injection Agreement are fair and reasonable, and that the Acquisition and Capital Injection are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Although a general meeting will not be convened by the Company to approve the Equity Transfer Agreement and Capital Injection Agreement, if such a general meeting were to be convened by the Company, the Board would have recommended the Shareholders to vote in favour of the resolutions to approve the Equity Transfer Agreement and Capital Injection Agreement.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully

By order of the Board

Chen Xing Development Holdings Limited

Bai Xuankui

Chairman

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2020, 2021 and 2022 and unaudited interim condensed consolidated financial information of the Company for the six months ended 30 June 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chen-xing.cn>):

- annual report of the Company for the year ended 31 December 2020 (pages 279-396) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042702148.pdf>)
- annual report of the Company for the year ended 31 December 2021 (pages 297-404) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800690.pdf>)
- annual report of the Company for the year ended 31 December 2022 (pages 298-404) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042801114.pdf>)
- interim report of the Company for the six months ended 30 June 2023 (pages 84-108) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0928/2023092800797.pdf>)

2. STATEMENT OF INDEBTEDNESS

INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the details of the Group's indebtedness and contingent liabilities (unaudited) were as follows:

Bank and other borrowings

As at 31 January 2024, the Group had outstanding and other bank borrowings of approximately RMB3,033,852,000. The borrowings comprised (i) unsecured and unguaranteed other borrowings of approximately RMB46,500,000; (ii) unsecured and guaranteed bank borrowings of approximately RMB330,400,000; (iii) secured and guaranteed bank borrowings of approximately RMB2,606,952,000 and (iv) secured and unguaranteed other borrowings of approximately RMB50,000,000.

The aforesaid secured bank and other borrowings were secured by the shares of subsidiaries of the Group, Group's building, property under development and properties held for sale.

Amounts due to related parties and directors

As at 31 January 2024, the Group had outstanding amounts due to related parties of approximately RMB216,600,000 and due to directors of approximately RMB63,704,000, which were unguaranteed and unsecured.

Guarantees

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificate of the properties concerned. As at 31 January 2024, such guarantees totaled of approximately RMB1,520,614,000.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables in the normal course of business, as at the close of business on 31 January 2024, the Group did not have any debt securities issued or outstanding or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statement of the Group were made up.

4. WORKING CAPITAL

As at 31 December 2023, bank loans with interest payable of approximately RMB4,314,000 had not been repaid according to their scheduled repayment date. As the Group failed to repay the loan interests in accordance with the repayment schedule for the year ended 31 December 2023, the related loans became immediately due in accordance with terms of loan agreements. Hence, the entire principal of approximately RMB321,817,000 together with interest payable and penalty interest of approximately RMB4,314,000 and approximately RMB180,000 respectively were classified as current liabilities at 31 December 2023.

As stipulated in the relevant loan and financing agreements in respect of certain borrowings of the Group other than those mentioned above, the delay of repayment of the above borrowings may trigger the rights to request for immediate repayment term of certain borrowings with

principal amount of approximately RMB2,438,465,000. Hence, the entire amount of the borrowings became immediately payable and has been classified as current liabilities as at 31 December 2023.

In the preparation of the Group's working capital forecast, the Directors have given careful consideration to the Group's future liquidity and performance and its available sources of financing to continue as a going concern. The working capital forecast for the Forecast Period have been prepared with the following major assumptions and events being taken into account of:

- i. the Disposal will be completed in the first half of 2024 and the payment of the consideration will be settled in accordance with the equity transfer agreement entered into between Chenxing Real Estate Development Co., Ltd.* (辰興房地產發展有限公司) as the vendor and Jinzhong Development Zone Development and Construction Group Co., Ltd.* (晉中開發區開發建設集團有限公司) as the purchaser;
- ii. the lenders in respect of the borrowings that have the rights to demand for immediate repayment will not exercise their rights to demand immediate repayment of the relevant loans and prior to their scheduled contractual repayment dates;
- iii. lenders of other loans with maturity dates due during the Forecast Period will extend their maturity dates and will not demand partial or full repayment of the loans; and
- iv. the core business operation, asset base of the Group and the market conditions in which the Group operates and/or invests in will not differ materially from those of present.

As a result of the borrowings that might be demanded for immediate repayment, the future operating cash inflow of the Group may not be sufficient to match the repayment schedule of borrowings and relevant interest payment.

The Board has continuously devoted effort to resolve the liquidity issue mentioned above. In view of these circumstances and to address the issue on working capital sufficiency, the Company has taken and propose to take the following measures:

- i. the Group verbally agreed with the Group's lenders not to enforce their rights of requesting for immediate repayment and to renew or extend the borrowings prior to their respective maturity dates;
- ii. The Group is in active negotiations with the lenders in respect of the borrowings that have the rights to demand for immediate repayment for a debt restructuring so as to settle the borrowings by using the proceeds from new borrowing plans;

- iii. the directors of the Group have prepared a business strategy plan mainly focuses on the acceleration of the pre-sales and sales of its properties under development and completed projects in order to generate additional operating cash inflows and putting extra efforts on the collection of trade debtors to improve the debtors' turnover days, and the implementation of cost control measures; and
- iv. The Company will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

As of the date of this circular and within twelve months from the date of this circular, the Board does not plan to dispose equity interests in project development companies comprising core business of the Group. Furthermore, the Company does not plan to significantly downsize the operation of its principal business.

Taking into account the assumption stated above, with the successful implementation of the measures mentioned above, the Directors are of the opinion that the Group would have had sufficient working capital for at least the Forecast Period from the date of the circular.

During the year ended 31 December 2023 and up to the date of this circular, the Directors had not received any notices or requests from banks and other company for immediate repayment of the borrowings that have the rights to do so.

Subsequent to 31 December 2023 and as of the date of this circular, the Group obtained new borrowing facilities of RMB250 million. Following the successful renewal of bank and other borrowings of approximately RMB855,972,000 during the year for terms ranging from nine months to three years, the management expected that the Group would be able to renew bank and other borrowings with an aggregate outstanding principal of RMB2,815,782,000 that are repayable within one year for another year prior to their respective maturity dates.

Notwithstanding the above, material uncertainties exist that may cast significant doubt on the Group's ability to continue as going concern, which depends on (i) whether it can successfully negotiate with the lenders on the extension or deferral of the repayment of the Group's borrowings, renewal of existing borrowings upon maturity and the new borrowing plans and (ii) the successful implementation of measures described above in the normal course of businesses.

Shareholders should note that the validity of the statement of the working capital sufficiency of the Group as mentioned above depends on the outcome of the above-mentioned plans and measures undertaken/being undertaken by the Group, which are subject to uncertainties. Should the Group fail to achieve the above-mentioned consideration and measures, the Group may not have sufficient working capital for its requirements for at least the Forecast Period.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the first half of 2023, the real estate industry was under serious downward pressure. Regarding the real estate industry, as leading real estate companies successively experienced capital chain rupture and were under greater financing pressure, they were less willing to make investment and hence resulted in a decrease in the new construction area. Regarding the real estate market, it showed a trend of rise before fall. In the first quarter, with the adjustment to the purchase restriction policies in first-tier and second-tier cities, both sales and sales area increased significantly. However in the second quarter, with the concentrated release of consumer demand, the demand for housing for home upgrades increased and the sales index gradually declined.

It is expected that the real estate market in the PRC will focus on the general principles of guaranteeing delivery of housing, people's livelihood and stability. The real estate policy will be more inclined to establish a new model for the development of the real estate industry, standardize the management of the real estate industry, and optimize the development structure of the industry, to ultimately resolve the risks of the real estate industry and the market. With the improvement of the macro environment, it is expected that the real estate market will gradually recover. However, due to the strong wait-and-see sentiment in the market, lack of consumer confidence and reduced purchasing power, the market recovery process will be slow in the short term.

Given the current situation of the real estate market in the PRC and the forecast of future development, while the Company does not plan to significantly downsize the operation of its principal business, the Company will proactively make corresponding adjustments to its business strategy, adjust its marketing strategy in a timely manner, and seek market breakthroughs to revitalize its existing assets and accelerate sales collection, to improve the Company's operating status from the sales side and improve the ability to deal with and resolve risks. In the meantime, the Company will seek financial support and partners through multiple channels to prevent and resolve the risk prevention and control of the Company.

The following is a property valuation report dated 28 March 2024 prepared by the Independent Valuer in connection with its valuation of Mianyang Chenxing as at 31 December 2023 for the purpose of, among others, inclusion in this circular.

Vincorn Consulting and Appraisal Limited

Units 1602–4, 16/F
FWD Financial Centre
No. 308 Des Voeux Road Central
Hong Kong



The Board of Directors

Chen Xing Development Holdings Limited

Floor 40, Dah Sing Financial Centre,
248 Queen's Road East,
Wanchai, Hong Kong

28 March 2024

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Values of the property interests located in The People's Republic of China (“**The PRC**”) to be disposed of by Chen Xing Development Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Values of the property interests as at 31 December 2023 (the “**Valuation Date**”).

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value. 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”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests 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 values of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the property interests.

As the property interests are held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the land use rights.

VALUATION METHODOLOGY

When valuing the property interests to be disposed of by the Group, we have adopted Market Approach.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

LAND TENURE AND TITLE INVESTIGATION

We have been provided with copies of documents in relation to the titles of the property interests. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on information provided by the Group.

We have relied on the advices given by The PRC legal adviser of the Group, Shanxi Dingzheng Law Office, regarding the titles of the property interests in The PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the valuation summary and the valuation certificates are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter, the valuation summary and the valuation certificates.

INFORMATION SOURCES

We have relied to a considerable extent on information provided by the Group and the legal adviser, in respect of the titles of the property interests in The PRC. We have also accepted advice given to us on matters such as identification of the properties, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The properties were inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the properties. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the properties and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the properties and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

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

The valuation summary and the valuation certificates are attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited

Vincent Cheung
BSc(Hons) MBA FHKIS FRICS RPS(GP)
MCIREA MHKSI MISCM MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser & Agent PRC
Managing Director

Note:

*Vincent Cheung is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region (“**Hong Kong**”), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 26 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.*

VALUATION SUMMARY

Group 1 — Property Interests for Development to be disposed of by the Group in The PRC

No.	Property	Market Value as at 31 December 2023	Interest	Market Value as at
			Attributable to the Group Before Disposal	31 December 2023 Attributable to the Group Before Disposal
1	Phase 1 within a Residential and Commercial Development Namely Jinhutingyuan, No. 2 Jinxiu North Road, Fucheng District, Mianyang, Sichuan Province, The PRC	RMB1,019,200,000	83.89%	RMB855,006,880
Sub-total:		<u>RMB1,019,200,000</u>		<u>RMB855,006,880</u>

Group 2 — Property Interests for Future Development Held to be disposed of by the Group in The PRC

No.	Property	Market Value as at 31 December 2023	Interest	Market Value as at
			Attributable to the Group Before Disposal	31 December 2023 Attributable to the Group Before Disposal
2	Phase 2 within a Residential and Commercial Development Namely Jinhutingyuan, No. 2 Jinxiu North Road, Fucheng District, Mianyang, Sichuan Province, The PRC	RMB590,500,000	83.89%	RMB495,370,450
Sub-total:		<u>RMB590,500,000</u>		<u>RMB495,370,450</u>
Total:		<u>RMB1,609,700,000</u>		<u>RMB1,350,377,330</u>

VALUATION CERTIFICATE

Group 1 — Property Interests for Development to be disposed of by the Group in The PRC

Property	Description and Tenure	Occupancy Particulars	Market Value State as at 31 December 2023												
Phase 1 within a Residential and Commercial Development Namely Jinhutingyuan, No. 2 Jinxihu North Road, Fucheng District, Mianyang, Sichuan Province, The PRC	<p>The property comprises Phase 1 of a residential and commercial mixed-use development namely Jinhutingyuan (“Jinhutingyuan”), which is undergoing development.</p> <p>As per information provided by the Group, the property has an apportioned site area of approximately 62,671.80 square metre (“sq.m.”), which is an apportionment of the master site area under the Real Estate Title Certificate as per respective proposed gross floor area (“GFA”) to be erected thereon.</p> <p>As per information provided by the Group, the property comprises of residential flats, retail shops, ancillary facilities and basement carpark with a total proposed GFA of approximately 172,575.00 sq.m. The proposed GFA breakdown of the property is listed as below:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Proposed GFA (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>903 residential flats</td> <td>110,667.00</td> </tr> <tr> <td>3 retail shops</td> <td>340.00</td> </tr> <tr> <td>Ancillary facilities</td> <td>36,300.00</td> </tr> <tr> <td>858 basement carparking spaces</td> <td>25,268.00</td> </tr> <tr> <td>Total:</td> <td>172,575.00</td> </tr> </tbody> </table> <p>The land use rights of Jinhutingyuan were granted for various terms expiring on 26 November 2089 for residential uses and 26 November 2059 for commercial uses.</p>	Portion	Proposed GFA (sq.m.)	903 residential flats	110,667.00	3 retail shops	340.00	Ancillary facilities	36,300.00	858 basement carparking spaces	25,268.00	Total:	172,575.00	<p>As per our on-site inspection and information provided by the Group, the property is currently undergoing construction works, and is in the course of applying for the Construction Project Work Completion Certificate of Phase 1 of Jinhutingyuan, which is expected to be obtained by April 2024. Since the property has started development as of the Valuation Date, it is classified as property interests for development to be disposed of by the Group in The PRC.</p>	<p>RMB1,019,200,000 (RENMINBI ONE BILLION NINETEEN MILLION AND TWO HUNDRED THOUSAND)</p> <p>83.89% Interest Attributable to the Group before Disposal:</p> <p>RMB855,006,880 (RENMINBI EIGHT HUNDRED FIFTY FIVE MILLION AND SIX THOUSAND EIGHT HUNDRED EIGHTY)</p>
Portion	Proposed GFA (sq.m.)														
903 residential flats	110,667.00														
3 retail shops	340.00														
Ancillary facilities	36,300.00														
858 basement carparking spaces	25,268.00														
Total:	172,575.00														

Notes:

- The property was inspected by Ines Wang *MSc Real Estate Probationer of RICS* on 30 January 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISCM FHKIoD MHIREA RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) MHKIS MRICS RPS(GP) MHIREA MCIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.

3. Pursuant to a State-owned Land Use Rights Grant Contract, 510600-2019-0035 dated 27 November 2019 and entered into between Mianyang Natural Resources and Planning Bureau and Mianyang Chenxing Yazhi Real Estate Development Co., Limited, the land use rights of Jinhutingyuan with a site area of 154,367.47 sq.m. were granted to Mianyang Chenxing Yazhi Real Estate Development Co., Limited for various terms of 70 years for residential uses and 40 years for commercial uses at a consideration of RMB701,382,664.

The details of the salient conditions of State-owned Land Use Rights Grant Contract are summarized below:

Land Use	:	Residential and Commercial
Site Area	:	154,367.47 sq.m.
Lot No. Area	:	2019-P-0035
Land Use Rights Term	:	70 years for residential uses and 40 years for commercial uses
Permissible Plot Ratio	:	2.4
Maximum Site Coverage	:	24%

4. Pursuant to a Real Estate Title Certificate, Chuan (2021) Mian Yang Shi Bu Dong Chan Quan Di No. 0011510 dated 30 April 2021 and issued by Mianyang Natural Resources and Planning Bureau, the land use rights of Jinhutingyuan with a site area of 154,367.47 sq.m. were granted to Mianyang Chenxing Yazhi Real Estate Development Co., Limited for a term expiring on 26 November 2089 for residential uses and 26 November 2059 for commercial uses.
5. Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. (2020)11 dated 14 January 2020 and issued by Mianyang Natural Resources and Planning Bureau, the proposed land use of Jinhutingyuan was approved.
6. Pursuant to a Construction Project Planning Permit, Jian Zi Di No. 510700202100121 dated 7 May 2021 and issued by Mianyang Natural Resources and Planning Bureau, the proposed development of the property was approved.
7. Pursuant to four Construction Project Work Commencement Permits, issued by Mianyang Housing and Urban Rural Development Commission, the construction of the proposed development of the property was approved to commence.

The details of the Construction Work Commencement Permits are summarized below:

Permit No.	Portion	Date of Issue
Shi Jian Di (2021) No. 064	17#-32#, 57#, Basement & Ancillary Area	8 June 2021
Shi Jian Di (2021) No. 065	36#-39#, Basement & Ancillary Area	8 June 2021
Shi Jian Di (2021) No. 069	1#-13#, 15#, 16#, Basement and Ancillary Area	21 June 2021
Shi Jian Di (2021) No. 070	33#-35#, Basement & Ancillary Area	21 June 2021

8. Pursuant to 18 Pre-sale Permits, issued by Mianyang Housing and Urban Rural Development Commission, the pre-sale of a portion of the property was permitted.

The details of the Pre-sale Permits are summarized below:

Permit No.	Portion	Date of Issue
(2021) Fang Yu Shou Zheng Di No. 145	25# 26#	10 September 2021
(2021) Fang Yu Shou Zheng Di No. 165	27# 28#	27 September 2021
(2021) Fang Yu Shou Zheng Di No. 166	1# 2# 3# 4# 10#	27 September 2021
(2021) Fang Yu Shou Zheng Di No. 193	19# 20# 21#	5 November 2021
(2021) Fang Yu Shou Zheng Di No. 194	5# 6# 7# 11#	5 November 2021
(2021) Fang Yu Shou Zheng Di No. 209	37# 39#	26 November 2021
(2021) Fang Yu Shou Zheng Di No. 220	33#	9 December 2021
(2021) Fang Yu Shou Zheng Di No. 242	12# 13#	24 December 2021
(2021) Fang Yu Shou Zheng Di No. 243	22#	24 December 2021
(2022) Fang Yu Shou Zheng Di No. 046	34#	18 March 2022
(2022) Fang Yu Shou Zheng Di No. 047	35#	18 March 2022
(2022) Fang Yu Shou Zheng Di No. 069	36#	29 April 2022
(2022) Fang Yu Shou Zheng Di No. 070	15#	29 April 2022
(2022) Fang Yu Shou Zheng Di No. 071	17# 18# 23# 29#	29 April 2022
(2022) Fang Yu Shou Zheng Di No. 109	Basement	1 July 2022
(2022) Fang Yu Shou Zheng Di No. 129	8# 9# 16#	29 August 2022
(2022) Fang Yu Shou Zheng Di No. 130	38#	29 August 2022
(2022) Fang Yu Shou Zheng Di No. 131	24# 30# 32#	29 August 2022

9. Pursuant to a Mortgage Agreement, 0230800037-2021 Nian Xin Hua (Di) Zi No. 0015 dated 25 June 2021 and entered into between Mianyang Xinhua Branch of Industrial and Commercial Bank of China and Mianyang Chenxing Yazhi Real Estate Development Co., Limited, the land use rights of Jinhutingyuan were pledged subject to a loan amount of RMB727,100,000.

10. The general description and market information of the property are summarized below:

Location	:	The property is located at No. 2 Jinxihu North Road, Fucheng District, Mianyang, Sichuan Province, The PRC.
Transportation	:	Mianyang Nanjiao Airport and Mianyang Railway Station are located approximately 22.1 kilometres and 12.0 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a residential and high technology development area in Fucheng District.

11. We have been provided with a legal opinion regarding the property by Shanxi Dingzheng Law Office, which contains, inter alia, the following:

- (a) Mianyang Chenxing Yazhi Real Estate Development Co., Limited has obtained the state-owned land use rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights of the property.
- (b) Subject to the agreement of the mortgagee, Mianyang Chenxing Yazhi Real Estate Development Co., Limited can occupy, use, let, transfer, mortgage or by other means handle the relevant state-owned land use rights.
- (c) The state-owned land use rights of the property are subject to a mortgage. The mortgagee is Mianyang Xinhua Branch of Industrial and Commercial Bank of China.

12. In the course of our valuation of gross development value of the property, we have considered and analysed residential flat, retail shop and carparking space sale comparables.

Considering that the proposed residential portion of the property valued comprises newly completed residential flats located in Fucheng District, we have identified and analysed four residential flat sale comparables with current offerings located in Fucheng District and completed within five years from the Valuation Date on an exhaustive basis. Hence the comparables adopted are relevant to the proposed residential portion of the property valued in terms of property type and location. The comparables adopted are completed within recent years, and thus are subject to similar building conditions as the proposed residential portion of the property. The following table shows the details of four residential flat sale comparables and the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	Mianzhouli	Feicuihuating	Binjiang Tianyue	Fuxing Shangjiangcheng
District	Fucheng District	Fucheng District	Fucheng District	Fucheng District
City	Mianyang	Mianyang	Mianyang	Mianyang
Year of Completion	2020	2019	2021	2019
Property Type	Residential flat	Residential flat	Residential flat	Residential flat
Unit Size (sq.m.)	129.20	122.00	114.00	113.00
View	City View	City View	River View	River View
Nature	Offer	Offer	Offer	Offer
Achievable Unit Rate (RMB/sq.m.)	12,539	10,902	11,404	11,239

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Adjustment				
Discount on Offer Price	-3.0%	-3.0%	-3.0%	-3.0%
Location	0.0%	0.0%	0.0%	0.0%
Building Age	+1.5%	+2.0%	+1.0%	+2.0%
Size	+0.3%	0.0%	-0.4%	-0.5%
View	0.0%	0.0%	-3.0%	-3.0%
Adjusted Unit Rate (RMB/sq.m.)	12,392	10,790	10,785	10,736

Adjustments in terms of different aspects, including discount on offer price, location, building age, size and view, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted residential flat sale comparables range from RMB10,736 to RMB12,392 per sq.m. on the basis of gross floor area. The adopted unit rate of the residential flat of the property is RMB11,176 per sq.m. on the basis of gross floor area.

Considering that the proposed retail portion of the property valued comprises newly completed retail shops situated on Level 1 and located in Fucheng District, we have identified and analysed four retail shop sale comparables within current offerings situated on Level 1, located in Fucheng District and completed within five years from the Valuation Date on an exhaustive basis. Hence the comparables adopted are relevant to the proposed retail portion of the property valued in terms of property type, floor level and location. The comparables adopted are completed within recent years, and thus are subject to similar building conditions as the proposed retail portion of the property. The following table shows the details of four retail shop sale comparables and the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	Yuanda Weilanhai'an	Dongyuanyuecheng	Linjiangyunjing	Mianzhouli
District	Fucheng District	Fucheng District	Fucheng District	Fucheng District
City	Mianyang	Mianyang	Mianyang	Mianyang
Year of Completion	2023	2023	2023	2020
Property Type	Retail shop	Retail shop	Retail shop	Retail shop
Unit Size (sq.m.)	48.70	57.00	56.00	63.00
Floor Level	Level 1	Level 1	Level 1	Level 1
Nature	Offer	Offer	Offer	Offer
Achievable Unit Rate (RMB/sq.m.)	15,811	18,070	14,643	14,952

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Adjustment				
Discount on Offer Price	-3.0%	-3.0%	-3.0%	-3.0%
Location	0.0%	0.0%	0.0%	0.0%
Building Age	0.0%	0.0%	0.0%	+1.5%
Size	-3.2%	-2.8%	-2.9%	-2.5%
Floor Level	0.0%	0.0%	0.0%	0.0%
Adjusted Unit Rate (RMB/sq.m.)	14,826	17,019	13,784	14,352

Adjustments in terms of different aspects, including discount on offer price, building age, location, floor level and size, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted retail shop sale comparables range from RMB13,784 to RMB17,019 per sq.m. on the basis of gross floor area. The four adjusted unit rates of the retail shop sale comparables on Level 1 are assigned with the same weight and represent a weighted average of RMB14,995 per sq.m. on the basis of gross floor area.

Considering that the proposed carparking portion of the property valued comprises newly completed carparking spaces situated in basement and located in Fucheng District, we have identified and analysed three carparking space sale comparables with current offerings situated in basement, located in Fucheng District and completed within 15 years from the Valuation Date on an exhaustive basis. Hence the comparables adopted are relevant to the proposed carparking portion of the property valued in terms of property type, floor level and location. We have tried to research the carparking space sale comparables completed within recent five years but the comparables are relatively limited. Therefore, we have extended our research to a completion within 15 years to identify sufficient comparables for our analysis. The difference in building age between the proposed carparking portion of the property valued and the adopted comparables have been duly adjusted in our valuation. The following table shows the details of three carparking space sale comparables and the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3
Development	Lingyunfu	Yujingmingcheng	Shanggaojindu
District	Fucheng District	Fucheng District	Fucheng District
City	Mianyang	Mianyang	Mianyang
Year of Completion	1998	2015	2000
Property Type	Basement carparking space	Basement carparking space	Basement carparking space
Nature	Offer	Offer	Offer
Achievable Unit Rate (RMB/space)	80,000	84,000	70,000

	Comparable 1	Comparable 2	Comparable 3
Adjustment			
Discount on Offer Price	-3.0%	-3.0%	-3.0%
Location	0.0%	0.0%	0.0%
Building Age	+12.5%	+4.0%	+11.5%
Adjusted Unit Rate (RMB/space)	87,600	84,840	75,950

Adjustments in terms of different aspects, including discount on offer price, location and building age, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted carparking space sale comparables range from RMB75,950 to RMB87,600 per space. The three adjusted unit rates of carparking space sale comparables are assigned with the same weight and represent a weighted average of RMB82,800 per space.

13. The gross development value, which is the valuation of the property by assuming it has been completed and it can be freely transferred, as at the Valuation Date was circa RMB1,313,000,000. The calculation details of gross development value of the property is shown in the table below:

	Gross Floor Area/No. of Carparking Space		Adopted Unit Rate	Gross Development Value (RMB)
903 residential flats	110,667.00 sq.m.	x	RMB11,176/sq.m.	1,236,814,392
3 retail shops	340.00 sq.m.	x	RMB14,995/sq.m.	5,098,300
858 basement carparking spaces	858 spaces	x	RMB82,800/space	71,042,400
			Total	1,312,955,092
			Rounded	1,313,000,000

14. According to information provided, the outstanding construction cost and incurred construction cost of the property as at the Valuation Date were circa RMB123,400,000 and RMB460,800,000 respectively.
15. When valuing the property, we have adopted Market Approach to assess the gross development value of the proposed development, which is then adjusted with considerations of the outstanding development costs, the outstanding development periods and the developer's profit yet to be realised.

The adjustments to the gross development value have been detailed below:

Gross development value	RMB1,313,000,000	
Adjustments:		
Less marketing expense, agency fee and sales tax:	Circa RMB90,600,000	The adjustment is based on 6.9% of the gross development value.
Less outstanding construction cost:	Circa RMB123,400,000	The adjustment is based on the outstanding construction cost of circa RMB123,400,000 provided by the Group.
Less contingencies and finance cost	Circa RMB13,600,000	The contingencies are allowances in costs due to unforeseeable matters and emergencies during the construction process.
		The finance cost is the cost of borrowing of the construction cost. It is calculated on the basis of half of the construction period since construction cost is generally borrowed and settled periodically by stage payments.
		The adjustment is based on 5% of the outstanding construction cost as the contingencies; and 5.70% over half of the outstanding construction period of 0.25 years for the finance cost.
Less profit margin:	Circa RMB52,000,000	This is the developer's profit to be realised when carrying out development. It forms a component of the gross development value and thus it has to be deducted from the gross development value to arrive at the land value. It is an adjustment to the gross development value and does not involve any forecast.
		The adjustment is based on 5% of the total development and land costs.
Less outstanding development period:	Circa RMB14,200,000	This is the cost of time from the Valuation Date to the expected completion date of construction works.
		The adjustment is based on based on 5.75% over the outstanding development period of 0.25 years.
Market Value:	RMB1,019,200,000	

Group 2 — Property Interests for Future Development to be Disposed of by the Group in The PRC

Property	Description and Tenure	Occupancy Particulars	Market Value State as at 31 December 2023
Phase 2 within a Residential and Commercial Development Namely Jinhutingyuan, No. 2 Jinxihu North Road, Fucheng District, Mianyang, Sichuan Province, The PRC	<p>The property comprises Phase 2 of Jinhutingyuan, which is yet to be developed.</p> <p>As per information provided by the Group, the property has an apportioned site area of approximately 91,695.67 sq.m., which is an apportionment of the master site area under the Real Estate Title Certificate as per respective permissible GFA to be erected thereon.</p> <p>As per information provided by the Group, the property has a permissible GFA of approximately 200,850.00 sq.m.</p> <p>The land use rights of Jinhutingyuan were granted for various terms expiring on 26 November 2089 for residential uses and 26 November 2059 for commercial uses.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently vacant. Since the property is still undergoing project positioning and has not started development as of the Valuation Date, it is classified as property interests for future development to be disposed of by the Group in The PRC.</p>	<p>RMB590,500,000 (RENMINBI FIVE HUNDRED NINETY MILLION AND FIVE HUNDRED THOUSAND)</p> <p>83.89% Interest Attributable to the Group before Disposal:</p> <p>RMB495,370,450 (RENMINBI FOUR HUNDRED NINETY FIVE MILLION THREE HUNDRED SEVENTY THOUSAND FOUR HUNDRED FIFTY)</p>

Notes:

- The property was inspected by Ines Wang *MSc Real Estate Probationer of RICS* on 30 January 2024.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FHKIS FRICS RPS(GP) MCIREA MHKSI MISC M FHKIoD MHIREA RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *BSc(Hons) MHKIS MRICS RPS(GP) MHIREA MCIREA RICS Registered Valuer Registered Real Estate Appraiser PRC*.
- Pursuant to a State-owned Land Use Rights Grant Contract, 510600-2019-0035 dated 27 November 2019 and entered into between Mianyang Natural Resources and Planning Bureau and Mianyang Chenxing Yazhi Real Estate Development Co., Limited, the land use rights of Jinhutingyuan with a site area of 154,367.47 sq.m. were granted to Mianyang Chenxing Yazhi Real Estate Development Co., Limited for a term of 70 years for residential uses and 40 years for commercial uses at a consideration of RMB701,382,664.

The details of the salient conditions of State-owned Land Use Rights Grant Contract are summarized below:

Land Use	:	Residential and Commercial
Site Area	:	154,367.47 sq.m.
Lot No. Area	:	2019-P-0035
Land Use Rights Term	:	70 years for residential uses and 40 years for commercial uses
Permissible Plot Ratio	:	2.4
Maximum Site Coverage	:	24%

The above-mentioned salient conditions under the State-owned Land Use Rights Grant Contract govern the development potential of Jinhutingyuan, where the property is situated in, and the Group has obtained a Construction Land Use Planning Permit for the proposed residential and commercial mixed-use development of Jinhutingyuan as detailed in Note 5. Other than the above land use permit obtained, the property is still undergoing project positioning and has not obtained an approved development scheme. As advised by the Group, the budgeted development costs of the property is estimated at approximately RMB708,330,000.

4. Pursuant to a Real Estate Title Certificate, Chuan (2021) Mian Yang Shi Bu Dong Chan Quan Di No. 0011510 dated 30 April 2021 and issued by Mianyang Natural Resources and Planning Bureau, the land use rights of Jinhutingyuan with a site area of 154,367.47 sq.m. were granted to Mianyang Chenxing Yazhi Real Estate Development Co., Limited for various terms expiring on 26 November 2089 for residential uses and 26 November 2059 for commercial uses.
5. Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. (2020)11 dated 14 January 2020 and issued by Mianyang Natural Resources and Planning Bureau, the proposed land use of Jinhutingyuan was approved.
6. Pursuant to a Mortgage Agreement, 0230800037-2021 Nian Xin Hua (Di) Zi No. 0015 dated 25 June 2021 and entered into between Mianyang Xinhua Branch of Industrial and Commercial Bank of China and Mianyang Chenxing Yazhi Real Estate Development Co., Limited, the land use rights of Jinhutingyuan were pledged subject to a loan amount of RMB727,100,000.
7. The general description and market information of the property are summarized below:

Location : The property is located at No. 2 Jinxiu North Road, Fucheng District, Mianyang, Sichuan Province, The PRC.

Transportation : Mianyang Nanjiao Airport and Mianyang Railway Station are located approximately 22.1 kilometres and 12.0 kilometres away from the property respectively.

Nature of Surrounding Area : The area is predominately a residential and high technology development area in Fucheng District.

8. We have been provided with a legal opinion regarding the property by Shanxi Dingzheng Law Office, which contains, inter alia, the following:
 - (a) Mianyang Chenxing Yazhi Real Estate Development Co., Limited has obtained the state-owned land use rights of the property in accordance with laws, and is the legal holder of the state-owned land use rights of the property.
 - (b) Subject to the agreement of the mortgagee, Mianyang Chenxing Yazhi Real Estate Development Co., Limited can occupy, use, let, transfer, mortgage or by other means handle the relevant state-owned land use rights.
 - (c) The state-owned land use rights of the property are subject to a mortgage. The mortgagee is Mianyang Xinhua Branch of Industrial and Commercial Bank of China.

9. In the course of our valuation of market value of the property, we have considered and analysed relevant land sales comparables.

Considering that the property valued comprises a residential and commercial land located in Fucheng District, we have identified and analysed four residential and commercial land sale comparables located in Fucheng District and transacted within one year from the Valuation Date on an exhaustive basis. Hence the comparables adopted are relevant to the property valued in terms of property type and location. The comparables adopted are transacted within the same year as the Valuation Date, and thus are subject to similar market conditions as at the Valuation Date. The following table shows the details of four land sale comparables and the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Lot No.	2023CN-P-0021	2023KC-P-0003	No. GX2023-161	No. GX2023-187
Address	Sanyuan Community, Tangxun Subdistrict	Yuantong Community, Kejicheng New Zone	Lot No. GX2023-161, Yongxing Town	Lot No. GX2023-187, Yongxing Town
District, City	Fucheng District, Mianyang	Fucheng District, Mianyang	Fucheng District, Mianyang	Fucheng District, Mianyang
Permitted Uses	Residential and commercial	Residential and commercial	Residential and commercial	Residential and commercial
Land Use Rights	Granted	Granted	Granted	Granted
Land Use Rights Term (years)	70 years for residential uses and 40 years for commercial uses	70 years for residential uses and 40 years for commercial uses	70 years for residential uses and 40 years for commercial uses	70 years for residential uses and 40 years for commercial uses
Date	Nov 2023	Oct 2023	Oct 2023	Sep 2023
Site Area (sq.m.)	64,345.00	41,952.00	75,423.00	105,447.00
Permissible Plot Ratio	2.40	2.00	2.20	1.20
Permissible GFA (sq.m.)	154,427.00	83,904.00	165,931.00	126,537.00
Price (RMB)	509,460,000	332,130,000	422,630,000	402,260,000
Accommodation Value (RMB/sq.m.)	3,299	3,958	2,547	3,179
Adjustment				
Time	0.0%	0.0%	0.0%	-2.0%
Land Use	0.0%	0.0%	0.0%	0.0%
Location	0.0%	0.0%	0.0%	0.0%
Size	-4.6%	-11.7%	-3.5%	-7.4%
Density (Plot Ratio)	+1.4%	-1.3%	+0.1%	-6.6%
Adjusted Accommodation Value (RMB/sq.m.)	3,192	3,445	2,460	2,669

After making different adjustments, the adjusted unit rates of the adopted comparables are ranging from RMB2,460 to RMB3,445 per sq.m. on the basis of permissible GFA as shown in the table above. The four adjusted unit rates are assigned with the same weight and represent a weighted average of RMB2,940 per sq.m. on the basis of permissible GFA. The weighted average unit rate is then multiplied by the permissible GFA of 200,850.00 sq.m. to derive a result of circa RMB590,500,000 upon rounding.

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) Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company or any of its associated corporations

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors or the chief executive of the Company or their respective associates had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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 Companies contained in the Listing Rules:

Long Position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. Bai Xuankui ^(Note 1)	Settlor of a discretionary trust	346,944,000	57.82%
Mr. Bai Wukui ^(Note 2)	Interest of a controlled corporation	64,944,000	10.82%
Mr. Bai Guohua ^(Note 3)	Beneficiary of a discretionary trust	346,944,000	57.82%

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. Dong Shiguang ^(Note 4)	Interest of a controlled corporation	10,481,740	1.74%

Notes:

- The shares were held by White Dynasty BVI in the capacity of a legal beneficial owner, which was a corporate controlling shareholder of the Company, and White Dynasty BVI was owned by White Empire (PTC) Limited (“**White Empire BVI**”) in the capacity of a legal beneficial owner. White Empire BVI was the trustee of the family trust established for the benefit of Mr. Bai Guohua, Ms. Cheng Guilian (the spouse of Mr. Bai Xuankui), and other beneficiaries to be nominated by the trustee from time to time. Since Mr. Bai Xuankui was the settlor of the family trust, Mr. Bai Xuankui was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- The shares were held by White Legend Global Holdings Limited (“**White Legend BVI**”) in the capacity of a legal beneficial owner. White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui held the entire issued share capital of White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- The shares were held by White Dynasty BVI in the capacity of a legal beneficial owner. Since (i) Mr. Bai Guohua was a beneficiary of the family trust; and (ii) Mr. Bai Guohua was a person acting in accordance with the instructions from Mr. Bai Xuankui, the settlor of the family trust, at all times, hence Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- The shares were held by Honesty Priority Global Holdings Limited (“**Honesty Priority BVI**”) in the capacity of a legal beneficial owner. Since Mr. Dong Shiguang owned 34.87% shares in Honesty Priority BVI, Mr. Dong Shiguang was deemed to be interested in the shares held by Honesty Priority BVI under the SFO.

Long Position in the shares of associated corporations of the Company

Name of Director/ chief executive	Name of associated corporation	Capacity/Nature of interest	Number of shares held	Percentage of shareholding in the associated corporation
Mr. Bai Xuankui	White Dynasty BVI ^(Note 1)	Settlor of a discretionary trust	10,000	100%
Mr. Bai Xuankui	White Empire BVI ^(Note 1)	Settlor of a discretionary trust		100%

Name of Director/ chief executive	Name of associated corporation	Capacity/Nature of interest	Number of shares held	Percentage of shareholding in the associated corporation
Mr. Bai Guohua	White Dynasty BVI ^(Note 1)	Settlor of a discretionary trust	10,000	100%
Mr. Bai Guohua	White Empire BVI ^(Note 1)	Settlor of a discretionary trust		100%

Note:

- White Dynasty BVI was a corporate controlling shareholder of the Company and was wholly-owned by White Empire BVI in the capacity of a legal beneficial owner. White Empire BVI was a company limited by guarantee incorporated in the British Virgin Islands and the trustee of the family trust which was held for the benefits of Mr. Bai Guohua, Ms. Cheng Guilian and other beneficiaries to be nominated by the trustee from time to time, and Mr. Bai Xuankui was the settlor of the family trust.

(b) Substantial Shareholders' interests and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, save as disclosed in this circular, so far as was known to the Directors, persons other than a Director or chief executives of the Company who had, or were deemed to have, interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register maintained by the Company under Section 336 of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, were as follows:

Long Position in the Shares and underlying Shares

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
White Dynasty BVI ^(Note 1)	Beneficial owner	346,944,000	57.82%

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
White Empire BVI ^(Note 1)	Interest of a controlled corporation	346,944,000	57.82%
White Legend BVI ^(Note 2)	Beneficial owner	64,944,000	10.82%
Ms. Cheng Guilian ^(Note 3)	Beneficial of a discretionary trust	346,944,000	57.82%
Ms. Zhang Lindi ^(Note 4)	Interest of spouse	346,944,000	57.82%
Ms. Gan Xuelin ^(Note 5)	Interest of spouse	64,944,000	10.82%
Hwabao Trust Co., Ltd.	Trustee	62,160,000	10.36%

Notes:

1. White Dynasty BVI was wholly-owned by White Empire BVI, hence White Empire BVI was deemed to be interested in the shares owned by White Dynasty BVI under the SFO. White Empire BVI was the trustee for the Family Trust established for the benefit of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai was the settlor of the Family Trust.
2. White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui had a controlling interest in White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
3. Mrs. Bai was the wife of Mr. Bai. Since Mrs. Bai was a beneficiary of the Family Trust, Mrs. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
4. Ms. Zhang Lindi was the wife of Mr. Bai Guohua. Since Mr. Bai Guohua was a beneficiary of the Family Trust, Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO, therefore, Ms. Zhang Lindi was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
5. Ms. Gan Xuelin was the wife of Mr. Bai Wukui. Since Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO, therefore, Ms. Gan Xuelin was deemed to be interested in the shares held by White Legend BVI.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, so far as was known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, no persons other than a Director or chief executives of the Company who had, or were deemed to have, interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register maintained by the Company under Section 336 of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

3. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been, since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested, whether directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any members of the Group which did not expire or was not determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

8. QUALIFICATION AND CONSENT OF EXPERT**(a) Qualification of expert**

The following is the qualification of the expert who has given opinion or advice, which is included in this circular:

Name	Qualification
Vincorn Consulting and Appraisal Limited	a fellow member of the Hong Kong Institute of Surveyors, a fellow member of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People's Republic of China

(b) Consent of expert

The Independent Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or references to its name in the form and context in which they appear.

(c) Interests of expert

As at the Latest Practicable Date, the Independent Valuer did not have any shareholding 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.

As at the Latest Practicable Date, the Independent Valuer did not have any direct or indirect interest in any assets which have been, since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried by the Group) had been entered into by members of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date:

- the Equity Transfer Agreement
- the Capital Injection Agreement
- an equity transfer agreement dated 29 December 2023 and entered into between Chenxing Real Estate Development Co., Ltd.* (辰興房地產發展有限公司) (the “**Chenxing Real Estate**”) and Jinzhong Development Zone Development and Construction Group Co., Ltd.* (晉中開發區開發建設集團有限公司) (“**Jinzhong Development**”), pursuant to which Chenxing Real Estate has conditionally agreed to sell, and Jinzhong Development has conditionally agreed to purchase the 51% of the equity interest in Jinzhong Development Zone Real Estate Development Co., Ltd.* (晉中開發區房地產開發有限公司) for a total consideration of RMB100,600,000.

10. GENERAL**Registered office:**

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111, Cayman Islands

Head office and principal place of business in the PRC:	18 Anning Street Yuci District Jinzhong City Shanxi Province The PRC
Principal place of business in Hong Kong:	40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Hong Kong branch share registrar and transfer office:	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Authorised representatives:	Mr. Bai Guohua House 9, 3-2, Xin Ji Garden Xin Ji Street Yuci District, Jinzhong City Shanxi Province The PRC Ms. Lee Angel Pui Shan 40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Company secretary:	Ms. Lee Angel Pui Shan (a Corporate Secretarial Executive of SWCS Corporate Services Group (Hong Kong) Limited)

11. MISCELLANEOUS

This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text unless otherwise specified.

12. 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.chen-xing.cn) for a period of 14 days from the date of this circular:

- 1) the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022;
- 2) the interim report of the Company for the six months ended 30 June 2023;
- 3) the material contracts referred to in the section headed “Material Contracts” of this appendix;
- 4) the Valuation Report; and
- 5) this circular.