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## **Chen Xing Development Holdings Limited**

**辰興發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2286)**

### **DISCLOSEABLE AND MAJOR TRANSACTIONS SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS**

During the period from 10 August 2016 to 3 July 2017, the Group made subscriptions for wealth management products offered by various banking institutions including BOC, BOCOM, ICBC and JRCU, which were classified as either discloseable or major transactions under the Listing Rules. A summary of such subscriptions are set out as follows:

#### **DISCLOSEABLE TRANSACTIONS**

##### 2016 BOC Wealth Management Products

The Group subscribed RMB50 million of BOC WMP1 on 9 September 2016 and such subscription amount in BOC WMP1 were fully redeemed on 29 September 2016.

The Group subscribed RMB100 million of BOC WMP2 on 11 October 2016 and such subscription amount in BOC WMP2 were fully redeemed on 28 October 2016.

##### 2016 BOCOM Wealth Management Products

The Group made three subscriptions for BOCOM WMP1 on 10 August 2016, 12 September 2016 and 10 October 2016 in the amount of RMB50 million, RMB50 million and RMB50 million respectively. The three subscriptions in BOCOM WMP1 were fully redeemed on 31 August 2016, 29 September 2016 and 24 October 2016 respectively.

### 2016 JRCU Wealth Management Products

The Group subscribed RMB130 million of JRCU WMP1 on 3 November 2016 and such subscription amount in JRCU WMP1 were fully redeemed on 21 December 2016.

The Group subscribed RMB65 million of JRCU WMP2 on 4 November 2016 and such subscription amount in JRCU WMP2 were fully redeemed on 21 December 2016.

The Group subscribed RMB201 million of JRCU WMP3 on 27 December 2016 and such subscription amount in JRCU WMP3 were fully redeemed on 17 January 2017.

### 2017 ICBC Wealth Management Products

The Group subscribed RMB48 million of ICBC WMP1 on 9 February 2017 and such subscription amount was redeemed in full on 28 March 2017.

The Group subscribed RMB140 million of ICBC WMP2 on 15 March 2017 and such subscription amount was redeemed in full on 21 June 2017.

The Group subscribed RMB204 million of ICBC WMP1 on 3 July 2017.

### 2017 JRCU Wealth Management Products

The Group subscribed RMB32 million of JRCU WMP4 on 14 March 2017 resulting in an aggregate outstanding subscription amount of wealth management products of JRCU subscribed by the Group in 2017 in the sum of RMB66 million.

## **MAJOR TRANSACTIONS**

### 2016 Major Transactions

The Group subscribed RMB30 million of ICBC WMP1 on 24 October 2016 and increased the subscription amount for ICBC WMP1 on 26 October 2016 by RMB188 million resulting in an aggregate subscription amount of RMB218 million. RMB200 million of such subscription amount in ICBC WMP1 was redeemed between 23 March 2017 to 28 March 2017.

### 2017 Major Transactions

The Group subscribed RMB204 million of ICBC WMP1 on 3 July 2017 and increased the subscription amount for ICBC WMP1 on 12 July 2017 by RMB20 million on 12 July 2017 resulting in an aggregate outstanding subscription amount of wealth management products of ICBC subscribed by the Group in 2017 in the sum of RMB301.5 million.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the relevant applicable percentage ratios for each of the subscriptions for the 2016 BOC Wealth Management Products, 2016 BOCOM Wealth Management Products, 2016 JRCU Wealth Management Products, 2017 ICBC Wealth Management Products and 2017 JRCU Wealth Management Products exceed 5% but are less than 25%, these subscriptions constitutes discloseable transactions for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement requirements but are exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the relevant applicable percentage ratios for the aggregate subscriptions under the 2016 Major Transactions and the aggregate subscriptions under the 2017 Major Transactions exceed 25% but are less than 100%, their respective aggregate subscriptions constitute major transactions for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company had considered the Wealth Management Products as cash and cash equivalents due to the fact that they generally have a low risk exposure and are highly secured. However, in accordance with the relevant accounting standards, the subscription balances of the Wealth Management Products are considered as available-of-sale investments. As a result of such mistaken belief, the Company failed to comply with the applicable reporting, announcement and shareholders' approval requirements under the Listing Rules in respect of the Subscriptions.

The Company has obtained a confirmation from White Dynasty, the controlling shareholder of the Company, that White Dynasty has approved, confirmed and ratified the aggregate subscriptions under the 2016 Major Transactions and the 2017 Major Transactions, therefore no circular will be despatched to the Shareholders and no extraordinary general meeting will be convened for the purpose of considering and approving the aggregate subscriptions under the 2016 Major Transactions and the aggregate subscriptions under the 2017 Major Transactions.

During the period from 10 August 2016 to 3 July 2017, the Group made subscriptions for wealth management products offered by various banking institutions including BOC, BOCOM, ICBC and JRCU, which were classified as either discloseable or major transactions under the Listing Rules. A summary of such subscriptions are set out as follows:

#### 2016 BOC Wealth Management Products

The Group subscribed RMB50 million of BOC WMP1 on 9 September 2016 and such subscription amount in BOC WMP1 were fully redeemed on 29 September 2016.

The Group subscribed RMB100 million of BOC WMP2 on 11 October 2016 and such subscription amount in BOC WMP2 were fully redeemed on 28 October 2016.

#### 2016 BOCOM Wealth Management Products

The Group made three subscriptions for BOCOM WMP1 on 10 August 2016, 12 September 2016 and 10 October 2016 in the amount of RMB50 million, RMB50 million and RMB50 million respectively. The three subscriptions in BOCOM WMP1 were fully redeemed on 31 August 2016, 29 September 2016 and 24 October 2016 respectively.

#### 2016 JRCU Wealth Management Products

The Group subscribed RMB130 million of JRCU WMP1 on 3 November 2016 and such subscription amount in JRCU WMP1 were fully redeemed on 21 December 2016.

The Group subscribed RMB65 million of JRCU WMP2 on 4 November 2016 and such subscription amount in JRCU WMP2 were fully redeemed on 21 December 2016.

The Group subscribed RMB201 million of JRCU WMP3 on 27 December 2016 and such subscription amount in JRCU WMP3 were fully redeemed on 17 January 2017.

#### 2017 ICBC Wealth Management Products

The Group subscribed RMB48 million of ICBC WMP1 on 9 February 2017 and such subscription amount was redeemed in full on 28 March 2017.

The Group subscribed RMB140 million of ICBC WMP2 on 15 March 2017 and such subscription amount was redeemed in full on 21 June 2017.

The Group subscribed RMB204 million of ICBC WMP1 on 3 July 2017.

#### 2017 JRCU Wealth Management Products

The Group subscribed RMB32 million of JRCU WMP4 on 14 March 2017 resulting in an aggregate outstanding subscription amount of wealth management products of JRCU subscribed by the Group in 2017 in the sum of RMB66 million.

# MAJOR TRANSACTIONS

## 2016 Major Transactions

The Group subscribed RMB30 million of ICBC WMP1 on 24 October 2016 and increased the subscription amount for ICBC WMP1 on 26 October 2016 by RMB188 million resulting in an aggregate subscription amount of RMB218 million. RMB200 million of such subscription amount in ICBC WMP1 was redeemed between 23 March 2017 to 28 March 2017.

## 2017 Major Transactions

The Group subscribed RMB204 million of ICBC WMP1 on 3 July 2017 and increased the subscription amount for ICBC WMP1 on 12 July 2017 by RMB20 million on 12 July 2017 resulting in an aggregate outstanding subscription amount of wealth management products of ICBC subscribed by the Group in 2017 in the sum of RMB301.5 million.

# PRINCIPAL TERMS OF THE WEALTH MANAGEMENT PRODUCTS

Name of products: BOC WMPs: 中銀保本理財—人民幣按期開放理財產品 (CNYAQKF)

BOCOM WMPs: “蘊通財富 • 日增利” S 款

ICBC WMP 1: 無固定期限超短期人民幣理財產品 (0701CDQB)

ICBC WMP 2: 如意人生 III (A 款) 人民幣理財產品

JRCU WMPs: “和諧財富” 系列人民幣理財產品

Risk Classification: BOC WMPs: Low

BOCOM WMPs: Very Low

ICBC WMP 1: Very Low

ICBC WMP 2: Medium

JRCU WMPs: Low to medium

Investment Portfolio:	BOC WMPs: PRC government bond, central bank instrument, financial bonds, enterprise bond with high credit rating and bank deposits
	BOCOM WMPs: Fixed income products, money market investment and bank deposits
	ICBC WMP 1: bonds, bank deposits and asset management plans
	ICBC WMP 2: bonds, bank deposits, equity investments and asset management plans
	JRCU WMPs: bonds and money market investments
Actual or Expected rate of return:	BOC WMPs: 2.10% per annum
	BOCOM WMPs: 2.50% to 2.85% per annum
	ICBC WMPs: 2.30% per annum
	JRCU WMPs: 2.80% to 4.20% annually

## **CURRENT STATUS**

As at the date of this announcement, the Directors confirm that (i) the Group did not suffer any monetary loss in connection with the Subscriptions; and (ii) the Subscriptions did not cause any adverse impact on the Group's working capital.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS**

The Company is an exempted company incorporated in the Cayman Islands with limited liability and is an investment holding company. The Group is principally engaged in property development with focuses on development projects of residential and commercial properties.

BOC, BOCOM, ICBC and JCRU are licensed banks in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BOC, BOCOM, ICBC and JCRU and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

In order to maximize the utilization of the Company's bank balances without affecting the Group's operational liquidity and fund security, the Group utilized its bank balances to subscribe for Wealth Management Products which generally have a low risk exposure and are highly secured. The Directors are of the view that (i) the Subscriptions provided the Group with better return than deposits generally offered by commercial banks in the PRC; (ii) the Subscriptions were funded from the Group's temporarily idle funds, which would not affect the working capital or the operation of



the Group; and (iii) the investment return in connection with the Subscriptions would increase the Group's earnings. As such, the Directors are of the view that each of the Subscriptions is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

As the relevant applicable percentage ratios for each of the subscriptions for the 2016 BOC Wealth Management Products, 2016 BOCOM Wealth Management Products, 2016 JRCU Wealth Management Products, 2017 ICBC Wealth Management Products and 2017 JRCU Wealth Management Products exceed 5% but are less than 25%, these subscriptions constitutes discloseable transactions for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement requirements but are exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the relevant applicable percentage ratios for the aggregate subscriptions under the 2016 Major Transactions and the aggregate subscriptions under the 2017 Major Transactions exceed 25% but are less than 100%, their respective aggregate subscriptions constitute major transactions for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company had considered the Wealth Management Products as cash and cash equivalents due to the fact that they generally have a low risk exposure and are highly secured. However, in accordance with the relevant accounting standards, the subscription balances of the Wealth Management Products are considered as available-of-sale investments. As a result of such mistaken belief, the Company failed to comply with the applicable reporting, announcement and shareholders' approval requirements under the Listing Rules in respect of the Subscriptions.

The Company has obtained a confirmation from White Dynasty, the controlling shareholder of the Company, that White Dynasty has approved, confirmed and ratified the aggregate subscriptions under the 2016 Major Transactions and the 2017 Major Transactions, therefore no circular will be despatched to the Shareholders and no extraordinary general meeting will be convened for the purpose of considering and approving the aggregate subscriptions under the 2016 Major Transactions and the aggregate subscriptions under the 2017 Major Transactions.

## **REMEDIAL ACTIONS**

The Company deeply regrets its non-compliance with the Listing Rules and the Company would like to stress that such non-compliance was inadvertent and the Company had no intention to withhold any information relating to the Subscriptions from disclosure.

To prevent similar non-compliance from occurring in the future, the Company has enacted the revised investment policy of the Group on 18 July 2017 to require our staff to compute size tests according to Chapter 14 of the Listing Rules on a stand-alone basis and an aggregate basis prior to entering into investments in particular for future wealth management products.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“BOC”	Bank of China
“BOC WMP1”	The wealth management product named “中銀保本理財 — 人民幣按期開放理財產品 (CNYAQKFTP0)” provided by BOC.
“BOC WMP2”	The wealth management product named “中銀保本理財 — 人民幣按期開放理財產品 (CNYAQKFTP1)” provided by BOC.
“BOC WMPs”	means BOC WMP1 and BOC WMP2
“BOCOM”	Bank of Communications Limited
“BOCOM WMP1”	The wealth management product named “蘊通財富 • 日增利 ’S 款人民幣理財產品” provided by BOCOM.
“BOCOM WMPs”	means BOCOM WMP1
“Company”	Chen Xing Development Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on Main Board of the Stock Exchange (stock code: 2286)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICBC”	Industrial and Commercial Bank of China
“ICBC WMP1”	The wealth management product named “無固定期限超短期人民幣理財產品 (0701CDQB)” provided by ICBC.
“ICBC WMP2”	The wealth management product named “如意人生 III (A 款) 人民幣理財產品” provided by ICBC.
“ICBC WMPs”	means ICBC WMP1 and ICBC WMP2
“JRCU”	Jinzhong Economic and Technological Development Zone Rural Credit Union



“JRCU WMP1”	The wealth management product named “2016 年和諧財富•益得安保本理財產品第六十六期” provided by JRCU.
“JRCU WMP2”	The wealth management product named “2016 年和諧財富•益得安保本理財產品第六十二期” provided by JRCU.
“JRCU WMP3”	The wealth management product named “2016 年和諧財富開放式理財產品•開心 6 號” provided by JRCU.
“JRCU WMP4”	The wealth management product named “2017 年和諧財富•益得安保本理財產品第十八期” provided by JRCU.
“JRCU WMPs”	means JRCU WMP1, JRCU WMP2, JRCU WMP3 and JRCU WMP4
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the subscriptions of Wealth Management Products offered by various banking institutions
“White Dynasty”	White Dynasty Global Holdings Limited, a limited liability company incorporated in the British Virgin Islands and one of the controlling Shareholders
“Wealth Management Products”	means the BOC WMPs, BOCOM WMPs, ICBC WMPs and JRCU WMPs
“%”	per cent

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

Hong Kong, 19 October 2017

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