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

**DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION
OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that on 24 September 2021 (after trading hours), Beijing Hongkun and Beijing Lianyou entered into the Sale and Purchase Agreement, pursuant to which Beijing Lianyou agreed to dispose of, and Beijing Hongkun agreed to acquire the Sale Shares at a consideration of RMB47.0 million (equivalent to approximately HK\$56.6 million).

LISTING RULES IMPLICATIONS

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

SALE AND PURCHASE AGREEMENT

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

Date	24 September 2021 (after trading hours)
Parties	(i) Beijing Hongkun; and (ii) Beijing Lianyou
Assets to be acquired	Pursuant to the Sale and Purchase Agreement, Beijing Hongkun agreed to purchase, and Beijing Lianyou agreed to sell, the Sale Shares.

Consideration and Payment

According to the Sale and Purchase Agreement, the total consideration of the Acquisition is RMB47.0 million. Beijing Hongkun shall pay to Beijing Lianyou (i) 70% of the above total consideration, being approximately RMB32.9 million, within 5 business days of the date of the Sale and Purchase Agreement and (ii) the remaining 30% of the above total consideration, being approximately RMB14.1 million, 7 business days after the registration of the business change has been completed to reflect that Beijing Hongkun is the legal and beneficial owner of the Target Company.

The Company intends to fund the Acquisition by the proceeds from listing.

Conditions Precedent

Completion of the Acquisition is conditional upon each of the following conditions being satisfied or waived in writing by Beijing Hongkun:

- (a) Beijing Hongkun being satisfied in the following aspects:
 - (i) the representations and warranties provided by Beijing Lianyou in respect of itself and the Target Company are true, complete and accurate without misleading;
 - (ii) Beijing Lianyou holds all the legal and beneficial title of the equity interest of the Target Company without any outstanding or potential litigation claims which may render the Acquisition void or prevent the completion of the Acquisition;
 - (iii) the Target Company has appointed a new general manager, financial controller, and supervisor as stipulated in the Sale and Purchase Agreement;
 - (iv) the Target Company has not experienced any material adverse change as stipulated in the Sale and Purchase Agreement;

- (b) Beijing Lianyou does not violate any warranties or obligations under the Sale and Purchase Agreement from the date of signing the Sale and Purchase Agreement to the date of completion as set out below; and
- (c) the Target Company has completed the relevant registration of the business change to reflect that Beijing Hongkun is the legal and beneficial owner of the Target Company.

Completion

Subject to the conditions precedent as set out in the Sale and Purchase Agreement having been fulfilled, the completion of the Acquisition shall take place on 29 October 2021.

BASIS OF DETERMINATION OF CONSIDERATION

The consideration of the Acquisition was determined after arm's length negotiation between Beijing Hongkun and Beijing Lianyou in accordance with the valuation report dated 22 September 2021 prepared by the Independent Valuer. According to such valuation report, as at 31 August 2021 (the valuation benchmark date), the appraised value of 100% equity interest in the Target Company on the basis of the market approach (i.e. by comparing the valuations of business entities engaged in property management business in the PRC) is approximately RMB47.2 million.

INFORMATION OF THE PARTIES

The Company

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2019 and is principally engaged in the provision of property management services in respect of properties in the PRC.

Beijing Hongkun

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

Beijing Lianyou

Beijing Lianyou is a company incorporated in the PRC with limited liability on 23 February 2016. The business activities of Beijing Lianyou include economic and trade advisory and enterprise planning and management. As at the date of this announcement, it is wholly owned by Ms. Yang Xia* (楊霞).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Beijing Lianyou, the Target Company and their respective ultimate beneficial owners are independent third parties of the Company and its connected persons.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability on 24 September 2003 and is principally engaged in the provision of property management services in the PRC. The Target Company is a member of the Jiangsu Real Estate Association* (江蘇省房地產業協會), a council member of the Huai'an City Property Management Association* (淮安市物業管理協會), and the vice president of Huai'an City Huai'an District Real Estate Association* (淮安市淮安區房地產業協會). As at the date of this announcement, the Target Company manages 15 property management projects concerning residential properties located in Huai'an, Jiangsu province of the PRC, with a total gross floor area under management of approximately 2.5 million square meters, and has approximately 420 employees.

The table below sets out a summary of the audited financial statements of the Target Company for the financial years ended 31 December 2019 and 31 December 2020 and the unaudited management accounts of the Target Company for the eight months ended 31 August 2021, respectively:

	For the eight months ended 31 August 2021 (unaudited) (RMB'million)	For the year ended 31 December 2020 (audited) (RMB'million)	For the year ended 31 December 2019 (audited) (RMB'million)
Net profit before tax	2.93	2.62	1.32
Net profit after tax	<u>2.79</u>	<u>2.38</u>	<u>1.16</u>
Net asset/(liabilities) value	<u>4.79</u>	<u>1.99</u>	<u>(0.28)</u>

Upon completion of the Acquisition, the Target Company will become an indirect subsidiary of the Company. The financial results of the Target Company will be consolidated into the Group's financial statements.

The Company stated, inter alia, in its prospectus dated 28 February 2020 the following criteria for using the proceeds from listing for acquisition of target companies:

- (a) the target companies in the Group's identified cities are expected to manage a total of approximately five million square meters, among which at least 70% will be revenue-bearing gross floor area;
- (b) the average property management fee that the Group expects to charge for provision of property management services in those identified cities will be approximately RMB2 per square meter per month;
- (c) the management fee collection rate will be at least 85%; and
- (d) each target company shall have a net profit margin of approximately 10% or higher.

The Company confirms that the Target Company fulfils the above criteria.

The consideration of RMB47.0 million for the Acquisition was arrived at after considering (1) Target Company's audited net profit after tax of RMB2.38 million for the year ended 31 December 2020 and its unaudited net profit after tax of RMB2.79 million for the eight months ended 31 August 2021; (2) its future business prospects and (3) after making reference to latest market valuations of property management companies.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal business activities of the Group are provision of comprehensive property management and related services in respect of residential and non-residential properties in the PRC. The Acquisition is in line with the Group's strategy and is considered by the Board to be a good opportunity to expand the Group's existing property management business. The Acquisition would allow the Group to further broaden its income base.

CONFIRMATION FROM THE DIRECTORS

The Board (including the independent non-executive Directors) considers that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable, and that the Acquisition is in the interests of the Group and the Shareholders as a whole.

None of the Directors has a material interest in the transaction under the Sale and Purchase Agreement, and therefore no Director is required to abstain from voting on the resolution regarding such transaction at the board meeting.

IMPLICATIONS OF THE LISTING RULES

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

DEFINITIONS

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

“Acquisition”	pursuant to the Sale and Purchase Agreement, Beijing Lianyou agreed to dispose of and Beijing Hongkun agreed to acquire the Sale Shares at a total consideration of RMB47.0 million
“Beijing Hongkun”	Beijing Hongkun Ruibang Property Management Company Limited* (北京鴻坤瑞邦物業管理有限公司), a limited liability company incorporated in the PRC on 18 June 2003
“Beijing Lianyou”	Beijing Lianyou Enterprise Consulting Company Limited* (北京聯優企業諮詢有限公司), a limited liability company incorporated in the PRC on 23 February 2016
“Board”	the board of directors of the Company
“Company”	Ye Xing Group Holdings Limited (燁星集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2019

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Valuer”	Cushman & Wakefield Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between Beijing Hongkun and Beijing Lianyou on 24 September 2021 (after trading hours), under which Beijing Lianyou agreed to sell and Beijing Hongkun agreed to acquire the Sale Shares
“Sale Shares”	the entire issued share capital of the Target Company
“Shareholder(s)”	the shareholder(s) of the Company
“Target Company”	Jiangsu Wanhao Property Management Co., Ltd. (江蘇萬豪物業服務有限公司), a limited liability company incorporated in the PRC on 24 September 2003
“%”	per cent

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

Hong Kong, 24 September 2021

* *For identification purpose only*

As at the date of this announcement, the Board comprises Ms. Wu Guoqing, Mr. Zhao Weihao, Ms. Li Yin Ping and Ms. Zhang Chunying as executive Directors; Mr. Li Yifan as non-executive Director; and Mr. Cheung Wai Hung, Mr. Chan Cheong Tat, Ms. Chen Weijie and Mr. Leung Ka Wo as independent non-executive Directors.