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DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2019)

CONTINUING CONNECTED TRANSACTIONS

PARKING SPACE LEASING AND SALES AGENCY SERVICES FRAMEWORK AGREEMENT

The Board is pleased to announce that on 9 June 2022 (after trading hours), the Company entered into the Parking Space Leasing and Sales Agency Services Framework Agreement with Dexin Services, pursuant to which, Dexin Services Group will provide exclusive parking spaces sales and leasing agency services in respect of the target parking spaces to the Group to facilitate the sales and leasing activities of parking space properties from the date on which the Parking Space Leasing and Sales Agency Services Framework Agreement is considered and approved at the General Meeting to 31 December 2024.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Company is held as to 70.96% by Mr. Hu, of which (i) 2.77% were beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 68.19% were beneficially held by Tak Shin International Limited, the controlling shareholder of the Company, which is in turn held as to 92.00% by Mr. Hu. Meanwhile, Dexin Services is held as to 52.04% by Shengfu International Limited, the controlling shareholder of Dexin Services, which is in turn held as to 92.00% by Mr. Hu. Therefore, Dexin Services is an associate of Mr. Hu and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the highest annual cap for the deposit portion under the Parking Space Leasing and Sales Agency Services Framework Agreement is more than 0.1% but less than 5%, the deposit portion under the Parking Space Leasing and Sales Agency Services Framework Agreement shall be subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the highest annual cap for the agency service fees portion under the Parking Space Leasing and Sales Agency Services Framework Agreement is more than 0.1% but less than 5%, the agency service fees portion under the Parking Space Leasing and Sales Agency Services Framework Agreement shall be subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 9 June 2022 (after trading hours), the Company entered into the Parking Space Leasing and Sales Agency Services Framework Agreement with Dexin Services, pursuant to which, Dexin Services Group will provide exclusive parking spaces sales and leasing agency services in respect of the target parking spaces to the Group to facilitate the sales and leasing activities of parking space properties from the date on which the Parking Space Leasing and Sales Agency Services Framework Agreement is considered and approved at the General Meeting to 31 December 2024.

PARKING SPACE LEASING AND SALES AGENCY SERVICES FRAMEWORK AGREEMENT

The principal terms of the Parking Space Leasing and Sales Agency Services Framework Agreement are set out below:

- Date: 9 June 2022 (after trading hours)
- Parties: (1) the Company (on behalf of itself and its subsidiaries); and
(2) Dexin Services (on behalf of itself and its subsidiaries)
- Term: The Parking Space Leasing and Sales Agency Services Framework Agreement shall take effect from the date on which it is considered and approved at the General Meeting to 31 December 2024.

The cooperation within the term of the Parking Space Leasing and Sales Agency Services Framework Agreement is divided into three cycles: the first cycle is from the date on which the Parking Space Leasing and Sales Agency Services Framework Agreement is considered and approved at the General Meeting to 31 December 2022, the second cycle is from 1 January 2023 to 31 December 2023, and the third cycle is from 1 January 2024 to 31 December 2024.

- Subject matter: Pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement, Dexin Services Group will provide exclusive parking spaces sales and leasing agency services (the “**Exclusive Leasing and Sales Rights**”) in respect of the target parking spaces (the “**Target Parking Spaces**”) to the Group to facilitate the sales and leasing activities of parking space properties. The Group shall not entrust the Target Parking Spaces to other third parties for sales or leasing.

In respect of the Target Parking Spaces, the Exclusive Leasing and Sales Rights are the sole and exclusive rights entitled to Dexin Services Group, and the Group shall not sell, transfer or dispose of in any other manner any of the Target Parking Spaces to third parties unless agreed by both parties through negotiation.

The Group and Dexin Services Group will enter into specific contracts (the “**Specific Contracts**”) to specify the specific projects and the number of Target Parking Spaces during each cooperation cycle.

Pricing policy: The agency services adopt the leasing and sales at the base price model: The Group and Dexin Services Group will enter into specific negotiations on the base price for the sales and leasing of the Target Parking Spaces (the “**Cooperation Rights on Leasing and Sales at Base Price**”). The Group will transfer or lease (as the case may be) the Target Parking Spaces to any third party customers designated by Dexin Services Group at the request of Dexin Services Group at an agreed price not lower than the aforesaid base price. Either the excess of the agreed price over the base price for sales and leasing or an amount calculated based on the aforesaid excess after taking into consideration of factors such as the labour cost, marketing expenses and difficulties in sale or leasing, will be attributable to Dexin Services Group as agency service fees, which shall be at least 20% of the agreed price for sales or leasing. The Group will settle the payment to Dexin Services Group on a monthly basis after receiving the payment from third party customers. The transactions will be conducted on normal commercial terms.

The base price for sales or leasing is the minimum price to be charged by the Group for the sales or leasing of the Target Parking Spaces, which in principle shall not exceed 80% of the agreed price for sales or leasing. The agreed price will be determined through negotiation by relevant members of the Group and Dexin Services Group with reference to the comparable average price in the surrounding markets of the Target Parking Spaces.

The agency service fees payable by the Group to Dexin Services Group under the Parking Space Leasing and Sales Agency Services Framework Agreement is expected to be funded by internal resources of the Group.

Deposits: In order to obtain the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at Base Price for the Target Parking Spaces, Dexin Services Group shall pay deposits to the Group in an amount not exceeding 50% of the aggregate of the relevant value of the Target Parking Spaces under the Specific Contracts (being the sum of the base price for sales and leasing).

During each cooperation cycle, Dexin Services Group may replace the unleased and unsold Target Parking Spaces with other parking spaces of the same value.

When each cooperation cycle expires or the Parking Space Leasing and Sales Agency Services Framework Agreement is dismissed or terminated for any reason, the Group will withdraw the Exclusive Leasing and Sales Rights and the Cooperation Rights on Leasing and Sales at Base Price for unleased and unsold parking spaces and return the corresponding deposits. During each cooperation cycle, if Dexin Services Group attains an early completion of the leasing and sales of all Target Parking Spaces, the Group shall return the corresponding deposits after the completion of the leasing and sales.

Proposed Annual Caps and Basis of Determination

(1) Proposed Annual Caps for Deposits

Set out below are the proposed annual caps for the deposits receivable by the Group under the Parking Space Leasing and Sales Agency Services Framework Agreement:

	From the date on which the Parking Space Leasing and Sales Agency Services Framework Agreement is considered and approved at the General Meeting to 31 December 2022	From 1 January 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024
Proposed Annual Caps	RMB250 million	RMB300 million	RMB300 million

The above proposed annual caps were determined after taking into account the following:

- (i) the estimated value of parking spaces of the Group available for sales/leasing by Dexin Services Group as an agent for the year ending 31 December 2022 pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement, taking into account factors including, but not limited to, the number of parking space agency projects under negotiation currently known to the Group, the number of available parking spaces, the historical sales of parking spaces of relevant projects and the surrounding comparable average price range and the Group's assessment of the resources that Dexin Services Group may allocate to the business and its ability to meet the Group's service demand;
- (ii) (1) the total accumulated value of the Target Parking Spaces (being the sum of the base price for sales and leasing) during each of the cooperation cycles shall not exceed RMB500 million, RMB600 million and RMB600 million respectively; and (2) the deposits to be received shall not exceed 50% of the relevant total value of the Target Parking Spaces (being the sum of the base price for sales and leasing), i.e. the highest being RMB300 million in aggregate during a cooperation cycle; and
- (iii) during the three years ending 31 December 2024, the amount of deposits to be paid by Dexin Services Group to the Group is expected to remain stable, taking into account factors including, but not limited to: (1) the estimated value of parking spaces of the Group available for sales/leasing by Dexin Services Group as an agent for the year ending 31 December 2022 pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement; and (2) the Group will cooperate with Dexin Services Group to steadily promote the development of the sales and leasing of parking spaces in 2023 and 2024.

(2) Proposed Annual Caps for Agency Service Fees

Set out below are the proposed annual caps for the agency service fees payable by the Group under the Parking Space Leasing and Sales Agency Services Framework Agreement:

	From the date on which the Parking Space Leasing and Sales Agency Services Framework Agreement is considered and approved at the General Meeting to 31 December 2022	From 1 January 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024
Proposed Annual Caps	RMB50 million	RMB90 million	RMB90 million

The above proposed annual caps were determined after taking into account the following:

- (i) the estimated value of parking spaces of the Group available for sales/leasing by Dexin Services Group as an agent for the three years ending 31 December 2024 pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement;
- (ii) the base price standards for sales and leasing determined by the Group and Dexin Services Group; and
- (iii) taking into account the effective transaction period and considering that the Group will steadily push forward the sales and leasing of parking spaces throughout the entire transaction period, the demand and scale of the parking space sales and leasing agency service to be required by the Group from Dexin Services Group for the three years ending 31 December 2024 are expected to gradually increase.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in property development and construction services, property investment and hotel operations in the PRC.

Dexin Services

Dexin Services Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARKING SPACE LEASING AND SALES AGENCY SERVICES FRAMEWORK AGREEMENT

The Group is a leading comprehensive property developer based in Zhejiang Province in the PRC. The Company is of the view that the entering into of the Parking Space Leasing and Sales Agency Services Framework Agreement would allow the Group to increase the occupancy rate of the idle parking spaces, revitalize the parking spaces in stock to recover cash flow in an efficient and speedy manner through the sale and leasing agency services of the parking spaces provided by Dexin Services Group.

The Directors (including the independent non-executive Directors) are of the view that the Parking Space Leasing and Sales Agency Services Framework Agreement was entered into in the usual and ordinary course of business of the Group, and the terms of the Parking Space Leasing and Sales Agency Services Framework Agreement are fair and reasonable and on normal commercial terms. Accordingly, the Parking Space Leasing and Sales Agency Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, as part of the Group's internal control systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the pricing policy and other terms of the Parking Space Leasing and Sales Agency Services Framework Agreement, the Company will implement the following internal control arrangements:

- (i) The finance department of the Company is responsible for overseeing the connected transactions of the Group. The finance department of the Company will monitor and collect detailed information on the connected transactions on a regular basis, including but not limited to the implementation of pricing policy, payment arrangements and actual transaction amounts to ensure that the connected transactions are conducted in accordance with the Parking Space Leasing and Sales Agency Services Framework Agreement. In addition, the finance department of the Company is responsible for monitoring and reviewing the balance amount of the annual cap for the continuing connected transactions on a monthly basis. If the annual cap for the continuing connected transactions is expected to be exceeded for a particular year, the finance department of the Company will report to the management of the Company and take appropriate measures in accordance with the relevant requirements of the Listing Rules.
- (ii) The independent internal control consultant of the Company is responsible for performing regular assessment on the internal control procedures of the Group, including but not limited to the relevant information on the management of the continuing connected transactions.
- (iii) The senior management of the Company is responsible for supervising and monitoring the adoption of internal control procedures of the Group, so as to ensure the implementation of pricing policy is in compliance with the Parking Space Leasing and Sales Agency Services Framework Agreement and the actual transaction amounts are controlled within its respective annual caps. The senior management of the Company also reviews the implementation of pricing policy and the monitoring of annual caps annually.

The Board is of the view that the implementation of the above methods and procedures can ensure that the pricing and other contract terms for the Group's continuing connected transactions are on normal commercial terms no less favourable to the Company than terms available to independent third parties of the Company, fair and reasonable and in the interests of the Company and its shareholders and that the continuing connected transactions are conducted as agreed in the Parking Space Leasing and Sales Agency Services Framework Agreement and in compliance with Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

In light of (i) the interests of Mr. Hu in Dexin Services as further explained in the section headed "Implications under the Listing Rules" below; and (ii) the interests of Mr. Fei Zhongmin, being an executive Director of the Company holding 7.95% interests in Kaibang International, a substantial shareholder of Dexin Services, they are deemed to have material interests in the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement and have abstained from voting on the resolution of the Board in respect of the Parking Space Leasing and Sales Agency Services Framework Agreement and the transactions contemplated thereunder pursuant to the articles of association of the Company and requirements under the Listing Rules.

Save as disclosed above, none of the other Directors has a material interest in the Parking Space Leasing and Sales Agency Services Framework Agreement and the transactions contemplated thereunder and hence no other Director has abstained from voting on the relevant resolution of the Board.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Company is held as to 70.96% by Mr. Hu, of which (i) 2.77% were beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 68.19% were beneficially held by Tak Shin International Limited, the controlling shareholder of the Company, which is in turn held as to 92.00% by Mr. Hu. Meanwhile, Dexin Services is held as to 52.04% by Shengfu International Limited, the controlling shareholder of Dexin Services, which is in turn held as to 92.00% by Mr. Hu. Therefore, Dexin Services is an associate of Mr. Hu and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Parking Space Leasing and Sales Agency Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the highest annual cap for the deposit portion under the Parking Space Leasing and Sales Agency Services Framework Agreement is more than 0.1% but less than 5%, the deposit portion under the Parking Space Leasing and Sales Agency Services Framework Agreement shall be subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the highest annual cap for the agency service fees portion under the Parking Space Leasing and Sales Agency Services Framework Agreement is more than 0.1% but less than 5%, the agency service fees portion under the Parking Space Leasing and Sales Agency Services Framework Agreement shall be subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Dexin China Holdings Company Limited (德信中国控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2019)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Dexin Services”	Dexin Services Group Limited (德信服务集团有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2215)
“Dexin Services Group”	Dexin Services and its subsidiaries
“Director(s)”	the director(s) of the Company
“General Meeting”	the extraordinary general meeting of Dexin Services to consider and if thought fit, approve, among other things, the terms of the Parking Space Leasing and Sales Agency Services Framework Agreement and the proposed annual caps for the three years ending 31 December 2022, 2023 and 2024 thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Kaibang International”	Kaibang International Limited (凱邦國際有限公司), a company incorporated in the BVI with limited liability and a substantial shareholder of Dexin Services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Hu”	Mr. Hu Yiping, the executive Director and controlling shareholder of the Company
“Parking Space Leasing and Sales Agency Services Framework Agreement”	the Parking Space Leasing and Sales Agency Services Framework Agreement dated 9 June 2022 and entered into by the Company and Dexin Services
“percentage ratio”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“share(s)”	the share(s) in the share capital of the Company with par value of US\$0.0005 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Dexin China Holdings Company Limited
Hu Yiping
Chairman

Hong Kong, 9 June 2022

As of the date of this announcement, the Board comprises Mr. Hu Yiping, Mr. Fei Zhongmin and Ms. Shan Bei as executive Directors, Mr. Hu Shihao as a non-executive Director, and Dr. Wong Wing Kuen Albert, Mr. Ding Jiangang and Mr. Chen Hengliu as independent non-executive Directors.

* *For identification purposes only*