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## DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中国控股有限公司

*(A company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2019)**

### SUPPLEMENTAL ANNOUNCEMENT TO THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of Dexin China Holdings Company Limited (the “**Company**”) dated 9 June 2022 in relation to the Parking Space Leasing and Sales Agency Services Framework Agreement entered into between the Company and Dexin Services Group Limited on 9 June 2022 (the “**Announcement**”). Terms used in this announcement shall have the same meaning as those defined in the Announcement unless otherwise defined.

The Board wishes to provide the following supplemental information in relation to the Announcement and the Parking Space Leasing and Sales Agency Services Framework Agreement.

#### INFORMATION ON THE DEPOSITS

As disclosed in the Announcement, 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).

The 50% rate has been arrived at through commercial negotiations between the Group and Dexin Services Group and the Group has drawn references from common industry practices during the negotiations, taking into account the agency service fee rates to be paid by the Group.

In assessing the fairness and reasonableness of the rates of the deposits receivable by the Group from Dexin Services Group, the Board has reviewed the announcements and circulars issued by seven comparable companies listed on the Main Board of Stock Exchange (the “**Comparable Companies**”) and noted that a majority of the Comparable Companies (the “**Deposit Comparable Companies**”) paid deposits for obtaining the exclusive leasing and/or sales rights of the corresponding parking spaces. The deposits payable by the Deposit Comparable Companies ranged from 19.5% to 80% of the agreed price for sales or leasing of the parking spaces, with an average of approximately 46.1% of the agreed price for sales or leasing of the parking spaces. In particular, two out of the seven Comparable Companies which did not require deposit in relation to the provision of parking space leasing and/or sales agency services received minimum agency service fee rates of 16% and 3%, which are lower than the minimum agency service fee rate of at least 20% under the Parking Space Leasing and Sales Agency Services Framework Agreement; two

out of the seven Comparable Companies which involved a deposit rate lower than the deposit rate under the Parking Space Leasing and Sales Agency Services Framework Agreement did not specify any minimum agency service fee rate; the remaining three Comparable Companies which involved the same minimum agency service fee rate (i.e. at least 20%) as the agency service fee rate under the Parking Space Leasing and Sales Agency Services Framework Agreement, required the deposit rates ranging from 40% to 80% of the agreed price. The deposits receivable by the Group from Dexin Services Group under the Parking Space Leasing and Sales Agency Services Framework Agreement, being 40% or less of the agreed price for sales or leasing of the Target Parking Spaces (with the base price being not exceeding 80% of the agreed price for sales or leasing, and with the deposits payable above being not exceeding 50% of the base price) fall within the range of the deposits payable by the Deposit Comparable Companies. Thus, the Board is of the view that the amount of the deposits under the Parking Space Leasing and Sales Agency Services Framework Agreement is in line with the market rate, the market practice, fair and reasonable and on normal commercial terms.

The Group shall receive the deposits from Dexin Services Group before each cooperation cycle and that the Group does not have to pay interest for the receipt of the deposits. As for the refund mechanism of the deposits, pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement, settlement will be made quarterly during each cooperation cycle to calculate the corresponding deposits of the Target Parking Spaces that have been leased or sold during the quarter and such amount of corresponding deposits will be refunded to Dexin Services Group within 30 days after the end of each quarter. After the end of each cooperation cycle, both parties shall settle the amount of deposits for the Target Parking Spaces that Dexin Services Group has leased or sold during the period from the last quarter to the end of the cooperation cycle and such amount of deposits will be refunded to Dexin Services Group within 30 days after the end of each cooperation cycle. During each cooperation cycle, if Dexin Services Group attains an early completion of the leasing and sales of all the Target Parking Spaces, the Group shall return the corresponding deposits within 30 days after the completion of the leasing and sales. Lastly, within 30 days after the cancellation or termination of the Parking Space Leasing and Sales Agency Services Framework Agreement, the Group shall refund to Dexin Services Group all the deposits paid by Dexin Services Group. In assessing the fairness and reasonableness of the payment terms and the refund mechanism of the deposits, the Board has reviewed the announcements and circulars issued by the Deposit Comparable Companies and noted that some of the Deposit Comparable Companies conduct periodic review on the return of the deposits and require refund of the corresponding deposits within the cooperation cycle pursuant to carpark spaces sold, and the remaining balance of the deposits shall be repayable after the expiration of each cooperation cycle. Thus, the Board is of the view that the payment terms and the refund mechanism of the deposits under the Parking Space Leasing and Sales Agency Services Framework Agreement is in line with the market practice, are fair and reasonable and on normal commercial terms.

The Board is also of the view that the receipt of the deposits on an interest free basis is fair and reasonable on normal commercial terms as the Group will be granting the Exclusive Leasing and Sales Rights of the Target Parking Spaces to Dexin Services Group pursuant to the Parking Space Leasing and Sales Agency Services Framework Agreement and that deposits are also received on an interest free basis in other similar comparable transactions when granting the exclusive rights to the parking spaces sales and leasing; and so the receipt of the deposits on an interest free basis is in the interest of the Company and its Shareholders as a whole.

## INFORMATION ON THE BASE PRICE AND AGENCY SERVICE FEES

In assessing the fairness and reasonableness of the base price of the Target Parking Spaces, the Board has the list of parking spaces of the Group available for Dexin Services Group to sell or lease as an agent and is of the view that the basis of determination of the base price for the sales and leasing of the Target Parking Spaces was arrived at after taking into consideration of factors including but not limited to (a) the historical sales of parking spaces of relevant projects; (b) the range of comparable average selling prices of generally around five to ten parking spaces in the nearby area obtained through publicly available websites such as Anjuke (安居客), Lianjia (鏈家) and 58 Tongcheng (58同城) and the prices of which would be affected by factors including the level of commercial prosperity, traffic conditions and infrastructure of the particular area; (c) the amount of resources that Dexin Services Group is able to allocate to the parking space sales and leasing agency business and the ability to undertake the service to be provided to the Group; and (d) the positive prospects of the car parking market in the PRC in the foreseeable future, and that it is in line with the normal market practice, fair and reasonable and on normal commercial terms.

Meanwhile, the 20% agency service fees rate has been arrived at through commercial negotiations between the Group and Dexin Services Group and the Group has drawn references from common industry agency service fee levels during the negotiations. In particular, when determining the 20% agency service fees rate, (a) the business department of the Group has taken into consideration of the agency service fees level of (i) comparable markets; (ii) previous parking spaces sales business of the Company and the conditions of markets near the Target Parking Spaces; (b) the finance department of the Group has considered the agency service fee level of the previous parking spaces sales business of the Company; (c) the compliance department of the Group has considered the pricing policy of the previous parking spaces sales business and the execution of the major terms of the relevant contracts; and (d) the receiving of deposits from Dexin Services Group for the cooperation.

In assessing the fairness and reasonableness of the 20% minimum agency service fees under the Parking Space Leasing and Sales Agency Services Framework Agreement, the Board has reviewed the announcements and circulars issued by the Comparable Companies and noted that a majority of the Comparable Companies (the “**Agency Service Fee Comparable Companies**”) disclosed the rates of agency service fees for the receiving of parking space leasing and/or sales agency services, ranging from 3% to 39% of the agreed price for sales or leasing among the Agency Service Fee Comparable Companies that have adopted a price range, with an average minimum rate of approximately 15.8% of the agreed price for sales or leasing among the Agency Service Fee Comparable Companies that have adopted a minimum rate of agency service fee. The agency service fees payable by the Group to Dexin Services Group under the Parking Space Leasing and Sales Agency Services Framework Agreement, being at least 20% of the agreed price for sales or leasing falls within the range of the agency service fees payable by the Agency Service Fee Comparable Companies. In addition, the Board has also reviewed the agency service fee level under the previous parking spaces sales business of the Group, which was determined between the Group and independent third party service providers of sale or leasing of the parking spaces. Such agency service fee level is comparable with the agency service fee arrangements under the Parking Space Leasing and Sales Agency Services Framework Agreement. Thus, the Board is of the view that the agency service fees under the Parking Space Leasing and Sales Agency Services Framework Agreement is in line with the market rate, the normal market practice, fair and reasonable and on normal commercial terms.

The following sets forth the details of the relevant transactions of the Comparable Companies which the Group took into consideration of:

Company name (stock code)	Type of properties sold and/or leased	Announcement/ circular date	Agency service fee rate	Deposit rate	Interest rate of the deposits	Refund mechanism of the deposits	Purpose of the deposits
Xinyuan Property Management Service (Cayman) Ltd. (1895.HK)	Car parking spaces	17 May 2022	At least 20% of the market valuation of the car parking spaces and the estimated maximum margin is 39%	Refundable deposit equals to 100% of the car parking reserve prices (i.e. minimum sales price, representing approximately 61% of the valuation of car parking spaces)	Not specified	(i) Refund 40%, 30% and 30% of the deposits paid within 7 working days from the date of meeting 40%, 70% and 90% of the sales rate of the car parking spaces respectively; and  (ii) refund all the outstanding deposits in one lump sum within 7 working days after the expiry date of the cooperation period or the rescission or termination of the cooperation agreement for any reason (whichever occurs earlier)	For being the exclusive sales partner of the car parking spaces and holding the exclusive sales right
Powerlong Commercial Management Holdings Limited (9909.HK)	Car parking spaces	11 May 2022	Not specified, being the sum of (i) the multiple of the base price and an agreed rate and (ii) the multiple of the difference between the sales price and the base price (if any) and another agreed rate	Refundable deposit equals to 30% of the aggregate agreed value of the car parking spaces (being the market value for the sales of the car parking spaces)	Interest-free	(i) The deposits shall be adjusted on a monthly basis with reference to the total agreed value of the car parking spaces, the sales of which have been confirmed at the end of each monthly cycle. The corresponding excess portion of the deposits shall be refunded upon the end of each monthly cycle; and  (ii) the remaining balance of the deposits (if any) shall be repaid within 30 days after the early termination or expiration of the framework agreement	Acquire the exclusive sales agency rights

Company name (stock code)	Type of properties sold and/or leased	Announcement/ circular date	Agency service fee rate	Deposit rate	Interest rate of the deposits	Refund mechanism of the deposits	Purpose of the deposits
A-Living Smart City Services Co., Ltd. (3319.HK)	Car parking spaces	22 April 2022	Not specified, being the sum of (i) the multiple of the base price and an agreed rate and (ii) the multiple of the difference between the sales price and the base price (if any) and another agreed rate	Refundable deposit not exceeding 30% of the base price of the car parking spaces (i.e. not exceeding 19.5% of the market value for the sales and leasing of the car parking spaces)	Not specified	(i) The deposits paid for the car parking spaces sold shall be repayable upon the end of each settlement cycle (being one month); and  (ii) the remaining balance of the deposits (if any) shall be repayable to the Group within one month either after the expiration of each service period or the termination of the framework agreement	Acquire the exclusive leasing and sales rights at the base price
Sino-Ocean Service Holding Limited (6677.HK)	Car parking spaces	20 January 2022	At least 20% of the selling price of the car parking spaces	Refundable deposit equals to the base price for the sale of the relevant car parking spaces (which shall not exceed 80% of the average price of comparable car parking spaces in the surrounding markets)	Interest-free	(i) Refund the corresponding deposits within 15 business days after reviewing and confirming the relevant sales amount of the car parking spaces by both parties in regular basis; or  (ii) refund the deposits paid for any unsold car parking spaces upon the expiry of an expected selling period as agreed by both parties for any unsold car parking spaces; or  (iii) refund the deposits paid for any unsold car parking spaces upon the termination or expiry of the framework agreement (whichever occurs earlier)	Forms an integral part of the exclusive sale of the parking spaces
S-Enjoy Service Group Co., Limited (1755.HK)	Car parking spaces	3 December 2021	Range from 16% to 33% of the sales amount of the car parking spaces	Deposit is not required	N/A	N/A	N/A

Company name (stock code)	Type of properties sold and/or leased	Announcement/ circular date	Agency service fee rate	Deposit rate	Interest rate of the deposits	Refund mechanism of the deposits	Purpose of the deposits
Roiserv Lifestyle Services Co., Ltd. (2146.HK)	Car parking spaces	1 December 2021	Range from 3% to 15% of the selling price of the car parking spaces (which shall be determined after arm's length negotiations with reference to the prevailing market price)	Deposit is not required	N/A	N/A	N/A
Poly Property Services Co., Ltd. (6049.HK)	Car parking spaces	26 August 2021	At least 20% of the agreed price of the car parking spaces	Refundable deposit not exceeding 50% of the aggregate of the relevant value of the car parking spaces (i.e. not exceeding 40% of the agreed price of the car parking spaces)	Not specified	(i) Refund the corresponding deposits when each cooperation cycle expires or the framework agreement is dismissed or terminated for any reason; or  (ii) refund the corresponding deposits after the completion of the leasing and sales of all car parking spaces if an early completion of the leasing and sales is attained during each cooperation cycle	Obtain the exclusive leasing and sales rights and the cooperation rights on the leasing and sales at the base price for the target parking spaces

### Summary of agency service fee rates and deposit rates

	Agency service fee rate	Deposit rate
Minimum	3.0%	19.5%
Maximum	39.0%	80.0%
Average	15.8%	46.1%
	(Average of the minimum rates)	

## INFORMATION ON THE INTERNAL CONTROL PROCEDURES

In addition to the internal control procedures as disclosed in the Announcement, the Company will also implement the following internal control measures to ensure that the base price, agreed price and the agency service fee are on normal commercial terms and fair and reasonable:

- (i) prior to entering into the Specific Contracts, the business unit of the Group will review and compare (if any) the agency service fee level of comparable markets (i.e. similar in nature in terms of service type and content, item location, pricing method, etc.) to ensure that the agency service fees payable by the Group is no more than those paid to independent third parties;
- (ii) the business department of the Group will (a) review the proposed project proposal before entering into each of the Specific Contracts; and (b) at the expiry of each cooperation cycle, re-evaluate the market situation of surrounding parking spaces according to the overall average price and target of sales and leases of the parking spaces in the previous year, to ensure that the agreed price is fair and reasonable through process control and is consistent with the average price of comparable markets around the target parking space;
- (iii) the business department of the Group will review and consider the Specific Contracts one by one and pay attention to the factors including but not limited to the specific project scale, project location, discount of the base price to the agreed price, and potential returns, etc., to ensure that for each of the Specific Contracts, the fixed margin ratio does not exceed 50% of the total value of the target parking spaces and are on normal commercial terms; and
- (iv) the approvals from the relevant personnel of the Group's finance department, compliance department and management must be obtained for the execution of the Specific Contracts to ensure that the Specific Contracts are in compliance with the pricing policy and main terms of the Parking Space Leasing and Sales Agency Services Framework Agreement, and to ensure that the agency service fees are not more than the price payable by the Group to independent third parties and the margin ratios are on normal commercial terms.

Save as disclosed above, all other contents of the Announcement remain unchanged. This announcement is supplemental to and should be read in conjunction with the Announcement. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 23 September 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.*