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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)

TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE

Sole Overall Coordinator and Sole Placing Agent



华泰国际

HUATAI INTERNATIONAL

On 13 December 2022 (before trading hours), the Company, the Vendor and the Placing Agent entered into the Agreement, pursuant to which, (i) the Vendor agreed to sell, and the Placing Agent agreed, as the sole agent of the Vendor to place, on a best effort basis, 268,000,000 existing Shares at the Placing Price of HK\$0.881 per Share; and (ii) the Vendor conditionally agreed to subscribe for, and the Company conditionally agreed to issue, 268,000,000 new Shares, being equivalent to the number of the Placing Shares at the Subscription Price, which is equivalent to the Placing Price of HK\$0.881 per Share.

The total Placing Shares held by the Vendor represents (i) approximately 9.92% of the existing issued share capital of the Company as of the date of this announcement; and (ii) approximately 9.03% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

The gross proceeds and the net proceeds (after deducting the professional fees and out-of-pocket expenses) from the Subscription are estimated to be approximately HK\$236.1 million and HK\$230.8 million, respectively. It is intended that the net proceeds received by the Company from the Subscription will be utilized for (i) the future development of current business of the Company; (ii) the repayment of current debts; and (iii) the working capital and general corporate purpose of the Group.

THE AGREEMENT

Date

13 December 2022 (before trading hours)

Parties

- (1) the Company;
- (2) Tak Shin International Limited as the Vendor; and
- (3) Huatai Financial Holdings (Hong Kong) Limited as the Placing Agent.

Pursuant to the Agreement and subject to its terms and conditions, (i) the Vendor agreed to sell, and the Placing Agent agreed, as the sole agent of the Vendor to procure on a best effort basis not less than six purchasers to purchase 268,000,000 existing Shares at the Placing Price of HK\$0.881 per Share; (ii) the Vendor conditionally agreed to subscribe for, and the Company conditionally agreed to issue, 268,000,000 new Shares, being equivalent to the number of the Placing Shares, at the Subscription Price, which is equivalent to the Placing Price of HK\$0.881 per Share.

Details of the Placing and the Subscription are set out below.

PLACING UNDER THE AGREEMENT

Vendor

The Vendor is a company incorporated in the British Virgin Islands, being a controlling shareholder of the Company interested in 1,841,936,000 Shares, representing approximately 68.19% of the existing issued share capital of the Company as of the date of this announcement, and is owned as to 92% by Mr. Hu Yiping (the chairman and executive Director of the Company).

Placing Agent

Huatai Financial Holdings (Hong Kong) Limited agreed, as the sole agent of the Vendor to procure on a best effort basis not less than six purchasers to purchase, 268,000,000 existing Shares at the Placing Price of HK\$0.881 per Share.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of, and not connected with, the Vendor, the Company and their respective associates and connected persons.

Total Number of Placing Shares

The total number of Placing Shares is 268,000,000 Shares, representing approximately 9.92% of the issued share capital of the Company as of the date of this announcement and approximately 9.03% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Placing Price

The Placing Price of HK\$0.881 represents:

- (1) a discount of approximately 19.91% to the closing price of HK\$1.100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 8.99% to the average closing price of approximately HK\$0.968 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and
- (3) a discount of approximately 6.48% to the average closing price of approximately HK\$0.942 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The Placing Price of HK\$0.881 per Share was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agent by reference to the market condition and the recent closing prices per Share. The net Placing Price after deduction of professional fees and out-of-pocket expenses is estimated to be approximately HK\$0.861 per Placing Share. The Directors consider that the terms of the Placing are fair and reasonable based on current market conditions and are in the interests of the Company and the Shareholders as a whole.

The Company and the Vendor shall each be responsible for (i) its own expenses, including legal fees and fees of other advisers, in connection with this Agreement, the Sale and the Subscription and (ii) expenses incurred by the Placing Agent in connection with the execution of the Agreement,

Rights of the Placing Shares

The Placing Shares will be sold free and clear of all pledges, liens, charges and encumbrances, equities, security interests or other claims on the terms and subject to the articles of association of the Company and the conditions of the Agreement and have the same rights as, and rank *pari passu* with, all of the other Shares of the Company of the same class. The placees will receive all dividends and distributions declared, made or paid on or after the date of the Agreement.

Placees

It is expected that the Placing Shares will be placed by the Placing Agent to not less than six independent professional, institutional and/or other individual investors who, together with their respective ultimate beneficial owners, are independent of and not acting in concert with the Vendor and are third parties independent of and not connected with the Company or its connected persons. It is not expected that any such investor will become a substantial shareholder of the Company as a result of the Placing.

Commission

In consideration of the services provided by the Placing Agent under the Agreement, the Placing Agent is entitled to a commission equal to 1.5% of the aggregate value of the Placing Shares at the Placing Price, and an additional incentive fee of up to 0.75% of the aggregate value of the Placing Shares at the Placing Price at the discretion of the Company.

Completion of the Placing

The closing of the Placing shall take place on 15 December 2022 or at such other time and/or date as the Vendor and the Placing Agent may agree.

Conditions of the Placing

The Placing is conditional upon, among others, (i) the customary termination events as set out in the Agreement not having occurred before the Closing Date; (ii) the representations and warranties made by any of the Company and the Vendor pursuant to the Agreement being true and accurate and not misleading as of the date of the Agreement and the Closing Date; (iii) each of the Company and the Vendor having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Agreement on or before the Closing Date; and (iv) the Placing Agent having received satisfactory opinions from the respective legal advisers of the Company and the Vendor pursuant to the Agreement on the Closing Date.

Lock-up Arrangements

The Vendor undertakes to the Placing Agent that, except for the sale of the Placing Shares pursuant to the Agreement, for a period of 90 days from the Closing Date, unless with the prior written consent of the Placing Agent, it will not and will procure that none of its nominees and any person controlled by it and any trusts associated with it or any person acting on its or their behalf, will, (i) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

SUBSCRIPTION UNDER THE AGREEMENT

Subscriber

The Vendor

Issuer

The Company

Number of Subscription Shares

The number of Subscription Shares is 268,000,000 Shares in aggregate, representing approximately 9.92% of the issued share capital of the Company as of the date of this announcement and approximately 9.03% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares). The number of Subscription Shares is equivalent to the number of the Placing Shares. The aggregate nominal value of the Subscription Shares is US\$134,000.

Subscription Price

The Subscription Price is equivalent to the Placing Price. The Company shall bear all expenses incurred by the Vendor, including professional fees and other expenses in connection with the Subscription. The net share price for the Subscription after deduction of such expenses is estimated to be approximately HK\$0.861 per Subscription Share.

General Mandate

The issue of the Subscription Shares will not be subject to the Shareholders' approval and the Subscription Shares will be issued under the General Mandate granted by the Shareholders to the Directors pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 17 June 2022. Pursuant to the General Mandate, the Directors were granted authority to allot, issue or deal with up to 540,268,200 Shares, representing 20% of the total number of Shares of the Company in issue as of the date of passing of the relevant resolution granting the General Mandate.

As of the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate and is authorized to issue up to 540,268,200 Shares pursuant to the General Mandate.

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (1) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares; and
- (2) completion of the Placing having occurred pursuant to the terms of the Agreement.

Completion of the Subscription

Completion of the Subscription shall take place on the second business day after the date upon which the last of the conditions to the completion of the Subscription to be satisfied shall have been so satisfied provided that it shall take place on a date no later than 14 days after the date of the Agreement, or at such other time and/or date as the Company, the Vendor and the Placing Agent may agree in writing and in compliance with the Listing Rules. In the event that the conditions are not fulfilled within 14 days following the date of the Agreement (or such later date as may be agreed between the Company, the Vendor and the Placing Agent), the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

As the Vendor (a controlling Shareholder) is a connected person of the Company and the Subscription constitutes a connected transaction of the Company exempt under Rule 14A.92(4) of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Agreement, the relevant provisions of the Listing Rules in relation to connected transactions will apply (including the independent Shareholders' approval requirement) to the Subscription, unless otherwise waived by the Stock Exchange. The Company will issue further announcements if this occurs.

Application for listing

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

Lock-up Arrangements

The Company undertakes to the Placing Agent, except for the issue of the Subscription Shares pursuant to the Agreement, for a period of 90 days from the Closing Date, unless with the prior written consent of the Placing Agent, it will not (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

REASON FOR THE PLACING AND THE SUBSCRIPTION

The Placing and the Subscription are being undertaken to supplement the Group's long-term funding of its operations. The Directors consider that the Placing and the Subscription will provide an opportunity to raise further capital for the Company for future development of current business and allow the Company to repay its current debts and can also increase the general working capital of the Company.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund-raising activity involving issuing equity securities during the 12 months immediately before the date of this announcement.

The Directors confirm that, immediately after completion of the Placing and the Subscription, the public float of the Company will be no less than the minimum percentage prescribed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08(1) of the Listing Rules as of the date of this announcement (assuming there is no change in the issued share capital of the Company from the date of this announcement to the date of the Subscription save for the issue of the Subscription Shares).

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and believe that the Placing and the Subscription are in the best interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and the net proceeds (after deducting the professional fees and out-of-pocket expenses) are estimated to be approximately HK\$236.1 million and HK\$230.8 million, respectively. It is intended that the net proceeds received by the Company from the Subscription will be utilized for (i) the future development of current business of the Company; (ii) the repayment of current debts; and (iii) the working capital and general corporate purpose of the Group.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no other change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription, the shareholdings in the Company (a) as of the date of this announcement; (b) immediately after the completion of the Placing but before the completion of the Subscription; and (c) immediately after the completion of the Placing and the Subscription are and will be as follows:

	As of the date of this announcement		Immediately after the completion of the Placing but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate Percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate Percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate Percentage (%)</i>
Ms. Wei Peifen ⁽¹⁾	1,916,886,000	70.96	1,648,886,000	61.04	1,916,886,000	64.55
The Placees	–	–	268,000,000	9.92	268,000,000	9.03
Other Shareholders	784,455,000	29.04	784,455,000	29.04	784,455,000	26.42
Total	2,701,341,000	100.00	2,701,341,000	100.00	2,969,341,000	100.00

Notes:

- (1) Ms. Wei Peifen is the wife of Mr. Hu Yiping. Under the SFO, Ms. Wei Peifen is deemed to be interested in Mr. Hu Yiping's interests in Tak Shin International Limited, being the Vendor, and Tak Yuan International Limited.

Completion of the transactions contemplated under the Agreement is subject to the Agreement not being terminated in accordance with the terms thereof, and is subject to the satisfaction of conditions precedent under the Agreement. As the Placing and/or the Subscription may or may not proceed to completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

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

“Agreement”	the placing and subscription agreement dated 13 December 2022 and entered into among the Company, the Vendor and the Placing Agent
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Closing Date”	15 December 2022 or at such other time and/or date as the Vendor and the Placing Agent may agree
“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 to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders to issue a maximum of 540,268,200 Shares pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 17 June 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Last Trading Day”	12 December 2022, being the last trading day prior to the signing of the Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Placing”	the placing of the Placing Shares by the Placing Agent to independent professional, institutional and/or other individual investors to be procured by the Placing Agent pursuant to the Agreement
“Placing Agent”	Huatai Financial Holdings (Hong Kong) Limited
“Placing Price”	HK\$0.881 per Share
“Placing Shares”	an aggregate of 268,000,000 Shares currently owned by the Vendor and to be placed pursuant to the Agreement
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of US\$0.0005 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Agreement
“Subscription Price”	HK\$0.881 per Share, which is equal to the Placing Price
“Subscription Shares”	an aggregate of 268,000,000 new Shares to be issued by the Company and subscribed by the Vendor under the Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Tak Shin International Limited, a company incorporated in the British Virgin Islands, being a controlling shareholder of the Company interested in 1,841,936,000 Shares, representing approximately 68.19% of the existing issued share capital of the Company as of the date of this announcement, is owned as to 92% by Mr. Hu Yiping (the chairman and executive Director of the Company)
“%”	per cent

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

Hong Kong, 13 December 2022

As of the date of this announcement, the Board of Directors of the Company 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.