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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)

DISCLOSEABLE TRANSACTION EQUITY TRANSFER AGREEMENT

THE DISPOSAL

The Board is pleased to announce that on 11 May 2023, Zhejiang Junfeng Enterprise Management Co., Ltd.* (浙江駿豐企業管理有限公司) as the Vendor, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with Hangzhou Yuhong Enterprise Management Co., Ltd.* (杭州毓洪企業管理有限公司) as the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 35% equity interest in the Target Company at a consideration of RMB102,000,000.

The Target Company is principally engaged in property development and operation and property management. Upon completion of the Disposal, the Group will cease to have any interest in the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal under the Equity Transfer Agreement exceeds 5% but is less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

On 11 May 2023, the Vendor and the Purchaser entered into the Equity Transfer Agreement in relation to the Equity Transfer. The principal terms of the Equity Transfer Agreement are set out below:

Subject Matter

Pursuant to the Equity Transfer Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire, 35% of the equity interests in the Target Company and all the creditor's rights of the Vendor in the Target Company at a consideration of RMB102,000,000. Upon completion of the transaction contemplated under the Equity Transfer Agreement, the Purchaser will hold 100% equity interest in the Target Company.

Consideration

The total consideration payable by the Purchaser amounted to RMB102,000,000, of which RMB890,494 was the payment for equity transfer and RMB101,109,506 was the payment for the transfer of creditor's rights.

The consideration was determined after arm's length negotiations between the parties with reference to the valuation of the total equity interests, the assets and liabilities of the Target Company as at 31 December 2022 (performed by an independent valuer using the asset approach) and the development potential of the land owned by the Target Company.

40% of the total consideration, being RMB40,800,000, shall be payable within three days from the date of completion of the industrial and commercial change registration of the Equity Transfer (i.e. the date of obtaining the new business license of the Target Company).

55% of the total consideration, being RMB56,100,000, shall be payable within 20 days from the date of completion of the industrial and commercial change registration of the Equity Transfer (i.e. the date of obtaining the new business license of the Target Company).

5% of the total consideration, being RMB5,100,000, shall be payable within 30 days from the date of completion of the industrial and commercial change registration of the Equity Transfer (i.e. the date of obtaining the new business license of the Target Company) and after all the materials handed over by the Vendor are verified and confirmed by the Purchaser.

Termination

If the Purchaser fails to pay the consideration as scheduled in accordance with the Equity Transfer Agreement, it shall pay to the Vendor a liquidated damage of RMB100,000 per day.

If overdue for more than 30 days, the Vendor is entitled to terminate the Equity Transfer Agreement, and the Purchaser shall pay to the Vendor a liquidated damage of RMB5,000,000.

Completion

Completion of the Equity Transfer shall take place on the date on which the 35% equity interests in the Target Company have been transferred by the Vendor to the Purchaser, and the total consideration of RMB102,000,000 is paid by the Purchaser.

Upon completion of the Equity Transfer, the Group would cease to hold any equity interest in the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in property development and operation and property management. As of the date of this announcement, the Target Company is held as to 35% and 65% by the Vendor and the Purchaser, respectively. The Target Company holds a parcel of land located to the east of Mengxi Road and to the south of Weierci Road in the Economic Development Zone, Wuhu City, Anhui Province, the PRC and the buildings erected on the site. As of the date of this announcement, the construction works at the site is not completed.

As at the date of this announcement, the registered capital of the Target Company is RMB500,000,000, fully paid up and held as to 35% and 65% by the Vendor and the Purchaser, respectively.

Set out below is a summary of the unaudited financial information of the Target Company (based on the financial statements of the Target Company as prepared in accordance with the generally accepted accounting principles of the PRC) for the two financial years ended 31 December 2022:

	As at 31 December 2021 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (unaudited)
Profit/(loss) before taxation	(11,596)	(37,572)
Profit/(loss) after taxation	(8,697)	(33,286)

The unaudited net assets value and the total assets of the Target Company as at 31 December 2022 were approximately RMB458,016,575 and RMB1,718,387,726, respectively.

INFORMATION ON THE COMPANY, THE VENDOR AND THE PURCHASER

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

The Vendor is a company established under the laws of the PRC with limited liability, an indirect non-wholly owned subsidiary of the Company, and is held as to 85.95% and 14.05% by the Company and Deqing Xinzhen Corporate Management Partners (a limited partner) (德清信幀企業管理合作夥伴(有限合作夥伴)), respectively. It is principally engaged in investment in property industry.

The Purchaser is a company established under the laws of the PRC with limited liability, which is principally engaged in investment in property industry. As at the date of this announcement, the Purchaser is ultimately owned by Hangzhou Urban Construction and Development Group Co., Ltd. (Dajia Property) (杭州市城建開發集團有限公司(大家房產)).

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and their respective ultimate beneficial owners are independent third parties of the Company and its connected persons.

FINANCIAL EFFECTS OF THE DISPOSAL

As a result of the Disposal, the Company is expected to record a revenue of RMB102,000,000. The Company is expected to record an unaudited loss before tax of approximately RMB159,415,307.15, which is calculated with reference to (a) the consideration payable under the Equity Transfer Agreement and (b) the unaudited net asset value of the Target Company as at 31 December 2022. The actual loss on the Disposal to be recorded is subject to audit and may be different from the estimated amount as it will depend on, among other things, (i) the actual amount of the assets and liabilities of the Target Company as at the date of completion of the Disposal; and (ii) the actual transaction costs incurred.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE EQUITY TRANSFER AGREEMENT

The Group is principally engaged in the property development and construction services, property investment and hotel operations in the PRC. In order to facilitate its business growth and expansion, the Group employs a number of strategies, including (i) the acquisition of quality land reserves; and (ii) the expansion of the Group's residential and commercial property development business.

The Disposal offers an opportunity for the Group to realise its investments, thereby further enhancing the liquidity of the Group. The Company also expects that the Disposal will improve the Group's overall asset turnover rate. As such, the Directors consider that the entering into of the Equity Transfer Agreement is in line with the Group's strategies. Overall, it is expected that the proceeds from the Disposal will be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal under the Equity Transfer Agreement exceeds 5% but is less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“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
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of 35% of the equity interests in the Target Company and all the creditor’s rights of the Vendor on the Target Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 11 May 2023 entered into between the Vendor and the Purchaser in relation to the Equity Transfer
“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 together with its/their ultimate beneficial owner(s) are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Purchaser”	Hangzhou Yuhong Enterprise Management Co., Ltd. (杭州毓洪企业管理有限公司), a company established under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

“Target Company”	Wuhu Dingxiang Real Estate Development Co., Ltd. (蕪湖鼎祥房地產開發有限公司), a company established under the laws of the PRC with limited liability
“Vendor”	Zhejiang Junfeng Enterprise Management Co., Ltd.* (浙江駿豐企業管理有限公司), a company established in the PRC with limited liability, an indirect non-wholly owned subsidiary of the Company, and is held as to 85.95% by the Company
“%”	per cent

By Order of the Board
DEXIN CHINA HOLDINGS COMPANY LIMITED
Hu Yiping
Chairman

Hong Kong, 11 May 2023

As of the date of this announcement, the Board 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.