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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 28 June 2023, Dexin Real Estate Group Co., Ltd.* (德信地產集團有限公司) as the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Hangzhou Chenxu Enterprise Management Co., Ltd.* (杭州宸胥企業管理有限公司) as the Purchaser, Deqing Hongrong and the Target Company as the parties, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 70% equity interest in the Target Company at a consideration of RMB207,547,945.23.

The Target Company is principally engaged in property management and operational businesses such as hotel apartment management. Upon completion of the Disposal, the Target Company will no longer be accounted for as a subsidiary of the Group and its financial results would no longer be consolidated into the consolidated financial statements of the Group.

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 28 June 2023, the Vendor, the Purchaser, Deqing Hongrong and the Target Company 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, 70% of the equity interests in the Target Company at a consideration of RMB207,547,945.23. Upon completion of the transaction contemplated under the Equity Transfer Agreement, the Purchaser will hold 70% equity interest in the Target Company.

Consideration

The total Equity Transfer consideration payable by the Purchaser amounted to RMB207,547,945.23.

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 management projects owned by the Target Company.

I.

The first part of the Equity Transfer consideration is RMB160,000,000. The Vendor will transfer a personal borrowing debt of RMB160,000,000 owed to the Third Party to the Purchaser, and the Vendor is required to pay the Purchaser the debt transfer consideration of RMB160,000,000. Therefore, the Equity Transfer consideration of RMB160,000,000 payable to the Vendor by the Purchaser is offset by the debt transfer consideration of RMB160,000,000 payable to the Purchaser by the Vendor. The transfer of the creditor's right of RMB160,000,000 is completed on the date of signing the Equity Transfer Agreement by the parties, and the Purchaser will be the new debtor.

II.

The second part of the Equity Transfer consideration is RMB30,000,000. Deqing Hongrong is the other shareholder of the Target Company and it holds 30% of the equity interests in the Target Company. In relation to the creditor's right of RMB30,000,000 against the Vendor claimed by Deqing Hongrong, Deqing Hongrong hereby agrees to transfer such creditor's right of RMB30,000,000 against the Vendor to Purchaser, and the Purchaser agrees to accept such transfer and the price of such creditor's right transfer is RMB30,000,000. Therefore, the Equity Transfer consideration of RMB30,000,000 payable by the Purchaser is offset by the creditor's right transfer consideration of RMB30,000,000 payable to the Purchaser by the Vendor. The transfer of the creditor's right of RMB30,000,000 is completed on the date of signing the Equity Transfer Agreement by the parties, and the Purchaser will be the new debtor.

III.

The third part of the Equity Transfer consideration is RMB17,547,945.23. The Vendor shall transfer the creditor's right of RMB17,547,945.23 against the Vendor claimed by the Target Company to the Purchaser, and the Purchaser agrees to accept such creditor's right. The creditor's right transfer consideration is RMB17,547,945.23. Therefore, the Equity Transfer consideration of RMB17,547,945.23 payable by the Purchaser is offset by the creditor's right transfer consideration of RMB17,547,945.23 payable to the Purchaser by the Vendor. The transfer of the creditor's right of RMB17,547,945.23 is completed on the date of signing the Equity Transfer Agreement by the parties, and the Purchaser will be the new debtor.

The parties shall complete the change of industrial and commercial registration procedures within fifteen (15) days after the execution of the Equity Transfer Agreement.

Completion

Upon signing the Equity Transfer Agreement, completion of the Equity Transfer shall take place upon the 70% of the equity interests in the Target Company have been transferred by the Vendor to the Purchaser, and the Equity Transfer consideration of RMB207,547,945.23 payable to the Vendor by the Purchaser have been offset by the above (i) the debt transfer consideration under I of RMB160,000,000 payable to the Purchaser by the Vendor, (ii) the creditor's right transfer consideration under II of RMB30,000,000 payable to the Purchaser by the Vendor, and (iii) the creditor's right transfer consideration under III of RMB17,547,945.23 payable to the Purchaser by the Vendor on the date of signing of the Equity Transfer Agreement.

Upon completion of the Equity Transfer, the Target Company would cease to be accounted for as a subsidiary of the Group and its financial results would no longer be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in property management and operational businesses such as hotel apartment management. As of the date of this announcement, the Target Company is held as to 70% by the Vendor, and Deqing Hongrong holds 30% of the equity interests in the Target Company. The Target Company holds the apartment located on No. 40, Baiziwan Road, Chaoyang District, Beijing, the PRC.

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 PRC GAAP) for the two financial years ended 31 December 2022:

	As at 31 December 2021 <i>RMB'000</i> (unaudited)	As at 31 December 2022 <i>RMB'000</i> (unaudited)
Profit/(loss) before taxation	(19,002)	(4,731)
Profit/(loss) after taxation	(14,948)	(3,548)

The unaudited net assets value and the total assets of the Target Company as at 31 December 2022 were approximately RMB248,992,670.14 and RMB335,313,170.71, respectively.

INFORMATION ON THE COMPANY, THE VENDOR, THE PURCHASER AND DEQING HONGRONG

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 wholly-owned subsidiary of the Company. It is principally engaged in the property development.

The Purchaser is a company established under the laws of the PRC with limited liability. It is principally engaged in and provides corporate management and corporate management consulting services. According to the results of the online company search, the Purchaser is held as to 99.9% and 0.1% by Hangzhou Hengshan Enterprise Management Co., Ltd.* (杭州恒善企業管理有限公司) and Hangzhou Wuhe Property Company Limited* (杭州五合物業有限公司), respectively. The ultimate beneficial owner of Hangzhou Hengshan Enterprise Management Co., Ltd. is Yu Xuliang. The ultimate beneficial owners of Hangzhou Wuhe Property Company Limited are Wen Hong and Hu Shijing, who directly owned 95% and 5% of Hangzhou Wuhe Property Company Limited respectively.

Deqing Hongrong is a limited partnership established under the laws of the PRC, and it is principally engaged in enterprise management and financial and information consulting services. According to the results of the online company search, Deqing Hongrong is owned by 25 natural person shareholders and Hangzhou Xinkai Construction Management Co., Ltd.* (杭州新凱建設管理有限公司), which owned 98.7654% and 1.2346% of Deqing Hongrong respectively. Hangzhou Xinkai Construction Management Co., Ltd. is owned 5%, 5%, 15%, 10%, 40.85% and 24.15% by Zhejiang Redi Health Technology Co., Ltd.* (浙江蕾迪健康科技有限公司), Zhejiang Huzhou Xingkang Industry Investment Co., Ltd.* (浙江湖州興康實業投資有限公司), Meihao Holding Group Co., Ltd.* (美好控股集團有限公司), Zhejiang Chengjian Group Co., Ltd.* (浙江城健集團股份有限公司), Dexin Holdings Company Limited* (德信控股集團有限公司) and Deqing Boshen Investment Partnership* (德清博深投資合夥企業), respectively, which Dexin Holdings Company Limited is directly owned 96.179% and 3.821% by Mr. Hu Yiping and his spouse, Ms. Wei Peifen respectively. The ultimate beneficial owners of Zhejiang Redi Health Technology Co., Ltd. are Wang Yaping and Tao Chuanju, the ultimate beneficial owners of Zhejiang Huzhou Xingkang Industry Investment Co., Ltd. are Huang Yukang and Chen Xiaoqin, the ultimate beneficial owners of Meihao Holding Group Co., Ltd. are Shen Yuehua, Jin Chen and Jin Liang, the ultimate beneficial owners of Zhejiang Chengjian Group Co., Ltd. are Cen Zhengping and Ou Weizhou, and the ultimate beneficial owners of Deqing Boshen Investment Partnership are Zhu Hong, Lou Yinu, Shen Lingna and Lin Zhonghe.

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

FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion of the Disposal, the Target Company would cease to be a subsidiary of the Group. Accordingly, the assets and liabilities as well as the results of operation of the Target Company would no longer be consolidated into the consolidated financial statements of the Group.

As a result of the Disposal, the Company is expected to record a revenue of RMB207,547,945.23. The Company is expected to record an unaudited profit before tax of approximately RMB33,253,076.13, and a decrease of debt of RMB207,547,945.23, which are 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 can optimize the debt structure of the Group, 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 enable the financial position of the Group become healthier.

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
“Deqing Hongrong”	Deqing Hongrong Enterprise Management Partnership* (德清弘容企业管理合夥企業), a limited partnership established under the laws of the PRC
“Director(s)”	the director(s) of the Company
“Equity Transfer” or “Disposal”	the transfer of 70% of the equity interests in 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 28 June 2023 entered into between the Vendor, the Purchaser, Deqing Hongrong and the Target Company 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 Chenxu Enterprise Management Co., Ltd., 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”	Beijing Xinleqing Property Management Co., Ltd.* (北京新樂青物業管理有限公司), a company established under the laws of the PRC with limited liability
“Third Party”	Ms. Hu Meizhu, an independent third party who is not a connected person of the Company
“Vendor”	Dexin Real Estate Group Co., Ltd., a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 28 June 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.

* For identification purposes only