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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)

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF TARGET PARKING SPACES; AND (2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY DISPOSAL

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF TARGET PARKING SPACES

References are made to the announcements dated 9 June 2022 and 23 September 2022 of the Company in relation to the Parking Space Leasing and Sales Agency Services Framework Agreement with a term from 11 October 2022 to 31 December 2024. On 24 August 2023 (after trading hours), the Vendors, being subsidiaries of the Company, entered into separate transfer agreements of underground parking space use rights with Hangzhou Junde, pursuant to which, Hangzhou Junde has conditionally agreed to purchase and each of Hangzhou Desheng, Hangzhou Deyin, Hangzhou Kaishen and Hangzhou Konggang has conditionally agreed to sell the rights-of-use of the Target Parking Spaces at an aggregate consideration of RMB211,435,000. On 24 August 2023, in view of the Disposal of Target Parking Spaces, the Company and Dexin Services entered into a Termination Agreement to terminate the Parking Space Leasing and Sales Agency Services Framework Agreement upon and subject to the Target Parking Spaces Disposal Completion.

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY DISPOSAL

On 24 August 2023 (after trading hours), Dexin Movie City, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shengquan Property and the Target Company, pursuant to which, Shengquan Property has conditionally agreed to acquire and Dexin Movie City has conditionally agreed to sell the 100% equity interest in the Target Company at a consideration of RMB90,000,000. The principal asset of the Target Company is the Property. Upon Equity Disposal Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Company is held as to 64.56% by Mr. Hu, of which (i) 2.52% were beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 62.03% were beneficially held by Tak Shin International Limited, the controlling shareholder of the Company, which is in turn held as to 92% by Mr. Hu. Meanwhile, Dexin Services is held as to 56.46% by Shengfu International Limited, which is in turn held as to 91.6% by Mr. Hu. Therefore, Dexin Services, and Hangzhou Junde and Shengquan Property, each being an indirect wholly-owned subsidiary of Dexin Services, are associates of Mr. Hu and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposals constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal of Target Parking Spaces is 5% or more but less than 25%, the Disposal of Target Parking Spaces, on a standalone basis, constitutes a discloseable transaction of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Disposal is 5% or more but less than 25%, the Equity Disposal, on a standalone basis, constitutes a discloseable transaction of the Company.

Taking into account that the Disposal of Target Parking Spaces and the Equity Disposal will be entered into by the Group with subsidiaries of the same entity, Dexin Services, within a 12-month period, each of the Disposal of Target Parking Spaces and the Equity Disposal should be aggregated and treated as if the Disposals were one transaction with Dexin Services Group for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules), on an aggregate basis, in respect of the Disposals is more than 25% but less than 75%, the Disposals constitute major transactions of the Company under Chapter 14 of the Listing Rules. The Company shall be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As the connected transactions under the Parking Space Leasing and Sales Agency Services Framework Agreement will be terminated upon the Target Parking Spaces Disposal Completion, the Company is also subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

THE EGM

The Company intends to put forward proposals at the EGM to seek the Independent Shareholders' approval for the Disposals. As Dexin Services is held as to 56.46% by Shengfu International Limited, which is in turn held as to 91.6% by Mr. Hu, Mr. Hu and his associates are deemed to have material interests in the Disposals and therefore will be required to abstain from voting on the resolutions at the EGM accordingly. As at the date of this announcement, Mr. Hu Yiping and his associates held and controlled the voting rights of 1,916,886,000 Shares, representing approximately 64.56% of the total issued share capital of the Company. The relevant resolutions to be proposed in respect of the Disposals will be passed by way of ordinary resolutions and voted by way of poll in accordance with the requirements of the Listing Rules.

An independent board committee comprising all the independent non-executive Directors has been formed, and will advise the Independent Shareholders in respect of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement. An independent financial adviser will be appointed by the Company to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Disposals, (ii) the financial information of the Group; (iii) a letter from the independent board committee containing its opinion and recommendations to the Independent Shareholders in respect of the Disposals; (iv) a letter from the independent financial adviser containing its advice to the independent board committee and the Independent Shareholders in respect of the Disposals; (v) the valuation report of the Target Parking Spaces; (vi) the valuation report of the Property; (vii) the notice of the EGM; and (viii) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 14 September 2023.

I. MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF TARGET PARKING SPACES

References are made to the announcements dated 9 June 2022 and 23 September 2022 of the Company in relation to the Parking Space Leasing and Sales Agency Services Framework Agreement with a term from 11 October 2022 to 31 December 2024.

On 24 August 2023 (after trading hours), the Vendors, being subsidiaries of the Company, entered into separate transfer agreements of underground parking space use rights with Hangzhou Junde, pursuant to which, Hangzhou Junde has conditionally agreed to purchase and each of Hangzhou Desheng, Hangzhou Deyin, Hangzhou Kaishen and Hangzhou Konggang has conditionally agreed to sell the rights-of-use of the Target Parking Spaces at an aggregate consideration of RMB211,435,000.

The principal terms of each of the Underground Parking Space Use Rights Transfer Agreements are set out below:

Underground Parking Space Use Rights Transfer Agreement A

Date	:	24 August 2023 (after trading hours)
Parties	:	(1) Hangzhou Junde, as the purchaser (the “ Purchaser A ”); and (2) Hangzhou Desheng, as the Vendor A;
Subject matter	:	The Purchaser A has conditionally agreed to purchase and the Vendor A has conditionally agreed to sell the rights-of-use of the designated 250 underground car parking spaces in Heping Dexin Center (和平德信中心) (the “ Target Asset A ”), which is situated at the intersection of Shaoxing Road and Desheng Road, Gongshu District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市拱墅區紹興路與德勝路交匯處) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement A.

The Target Asset A was constructed by the Vendor A itself, so there is no original acquisition cost of the Target Asset A.

Consideration and payment conditions: : The unit price is ranging from RMB75,000 to RMB250,000 per car parking space under the Underground Parking Space Use Rights Transfer Agreement A and the total consideration for the Target Asset A (the “**Consideration A**”) is RMB52,825,000, will be payable and settled by the Purchaser A in the following manner:

- (1) the first instalment: RMB26,412,500, being 50% of the Consideration A shall be transferred to the bank account as designated by the Vendor A within 5 working days after the Effective Date; and
- (2) the second instalment: RMB26,412,500, being the remaining 50% of the Consideration A, shall be transferred to the bank account as designated by the Vendor A within 5 working days upon the fulfilment of all the condition precedents of the Underground Parking Space Use Rights Transfer Agreement A.

Basis of consideration: : The Consideration A was arrived at after arm’s length negotiations between the Purchaser A and the Vendor A after taking into consideration of factors including but not limited to the market price of the Target Asset A, the unaudited net asset value of the Target Asset A, and discussion with the independent professional valuer.

Having considered the aforesaid factors, the Board is of the view that the Consideration A is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Conditions precedent : The Target Parking Spaces Disposal Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the Disposal of Target Parking Spaces and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for the Disposal of Target Parking Spaces (including but not limited to the approval by the Independent Shareholders).

- Completion : The completion of the Underground Parking Space Use Rights Transfer Agreement A shall take place on a date to be agreed by the Purchaser A and the Vendor A after all the conditions precedent have been satisfied.
- Post-Completion : Subject to Target Parking Spaces Disposal Completion, the Company and Dexin Services will terminate the Parking Space Leasing and Sales Agency Services Framework Agreement.

Underground Parking Space Use Rights Transfer Agreement B

- Date : 24 August 2023 (after trading hours)
- Parties : (1) Hangzhou Junde, as the purchaser (the “**Purchaser A**”); and
(2) Hangzhou Deyin, as the Vendor B;
- Subject matter : The Purchaser A has conditionally agreed to purchase and the Vendor B has conditionally agreed to sell the rights-of-use of the designated 429 underground car parking spaces in Yinhu Technology Park (銀湖科技園) (the “**Target Asset B**”), which is situated at West of the intersection of Fuxian Road and Chuangyi Road, Fuyang District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市富陽區富閒路與創意路交匯處以西) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement B.

The Target Asset B was constructed by Vendor B itself, so there is no original acquisition cost of the Target Asset B.

- Consideration and payment conditions: : The unit price is RMB50,000 per car parking space under the Underground Parking Space Use Rights Transfer Agreement B and the total consideration for the Target Asset B (the “**Consideration B**”) is RMB21,450,000, will be payable and settled by the Purchaser A in the following manner:
- (1) the first instalment: RMB10,725,000, being 50% of the Consideration B shall be transferred to the bank account as designated by the Vendor B within 5 working days after the Effective Date; and

- (2) the second instalment: RMB10,725,000, being the remaining 50% of the Consideration B, shall be transferred to the bank account as designated by the Vendor B within 5 working days upon the fulfilment of all the condition precedents of the Underground Parking Space Use Rights Transfer Agreement B.

Basis of consideration: : The Consideration B was arrived at after arm's length negotiations between the Purchaser A and the Vendor B after taking into consideration of factors including but not limited to the market price of the Target Asset B, the unaudited net asset value of the Target Asset B, and discussion with the independent professional valuer.

Having considered the aforesaid factors, the Board is of the view that the Consideration B is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Conditions precedent : The Target Parking Spaces Disposal Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the Disposal of Target Parking Spaces and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for the Disposal of Target Parking Spaces (including but not limited to the approval by the Independent Shareholders).

Completion : The completion of the Underground Parking Space Use Rights Transfer Agreement B shall take place on a date to be agreed by the Purchaser A and the Vendor B after all the conditions precedent have been satisfied.

Post-Completion : Subject to Target Parking Spaces Disposal Completion, the Company and Dexin Services will terminate the Parking Space Leasing and Sales Agency Services Framework Agreement.

Underground Parking Space Use Rights Transfer Agreement C

- Date : 24 August 2023 (after trading hours)
- Parties : (1) Hangzhou Junde, as the purchaser (the “**Purchaser A**”); and
(2) Hangzhou Kaishen, as the Vendor C;
- Subject matter : The Purchaser A has conditionally agreed to purchase and the Vendor C has conditionally agreed to sell the rights-of-use of the designated 195 underground car parking spaces in Montnorth (嘉悦府) (the “**Target Asset C**”), which is situated at the intersection of Xingguo Road and Xingchen Road, Linping District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市臨平區興國路與星辰路交匯處) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement C.
- The original acquisition cost of the Target Asset C was RMB21,264,750.
- Consideration and payment conditions: : The unit price is RMB88,000 per car parking space under the Underground Parking Space Use Rights Transfer Agreement C and the total consideration for the Target Asset C (the “**Consideration C**”) is RMB17,160,000, will be payable and settled by the Purchaser A in the following manner:
- (1) the first instalment: RMB8,580,000, being 50% of the Consideration C shall be transferred to the bank account as designated by the Vendor C within 5 working days after the Effective Date; and
 - (2) the second instalment: RMB8,580,000, being the remaining 50% of the Consideration C, shall be transferred to the bank account as designated by the Vendor C within 5 working days upon the fulfilment of all the condition precedents of the Underground Parking Space Use Rights Transfer Agreement C.
- Basis of consideration: : The Consideration C was arrived at after arm’s length negotiations between the Purchaser A and the Vendor C after taking into consideration of factors including but not limited to the market price of the Target Asset C, the unaudited net asset value of the Target Asset C, and discussion with the independent professional valuer.

Having considered the aforesaid factors, the Board is of the view that the Consideration C is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

- Conditions precedent : The Target Parking Spaces Disposal Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:
- (i) the Company having issued the relevant circular in relation to the Disposal of Target Parking Spaces and the transactions contemplated thereunder in accordance with the Listing Rules; and
 - (ii) the Company having obtained all necessary approvals for the Disposal of Target Parking Spaces (including but not limited to the approval by the Independent Shareholders).
- Completion : The completion of the Underground Parking Space Use Rights Transfer Agreement C shall take place on a date to be agreed by the Purchaser A and the Vendor C after all the conditions precedent have been satisfied.
- Post-Completion : Subject to Target Parking Spaces Disposal Completion, the Company and Dexin Services will terminate the Parking Space Leasing and Sales Agency Services Framework Agreement.

Underground Parking Space Use Rights Transfer Agreement D

- Date : 24 August 2023 (after trading hours)
- Parties : (1) Hangzhou Junde, as the purchaser (the “**Purchaser A**”); and
- (2) Hangzhou Konggang, as the Vendor D;
- Subject matter : The Purchaser A has conditionally agreed to purchase and the Vendor D has conditionally agreed to sell the rights-of-use of the designated 1,000 underground car parking spaces in Dexin Konggang City (德信空港城) (the “**Target Asset D**”), which is situated at East of the intersection of Jichang Avenue and Kanhong Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區機場大道與坎紅路交匯處以東) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement D.

The Target Asset D was constructed by the Vendor D itself, so there is no original acquisition cost of the Target Asset D.

Consideration and payment conditions: : The unit price is RMB120,000 per car parking space under the Underground Parking Space Use Rights Transfer Agreement D and the total consideration for the Target Asset D (the “**Consideration D**”) is RMB120,000,000, will be payable and settled by the Purchaser A in the following manner:

- (1) the first instalment: RMB60,000,000, being 50% of the Consideration D shall be transferred to the bank account as designated by the Vendor D within 5 working days after the Effective Date; and
- (2) the second instalment: RMB60,000,000, being the remaining 50% of the Consideration D, shall be transferred to the bank account as designated by the Vendor D within 5 working days upon the fulfilment of all the condition precedents of the Underground Parking Space Use Rights Transfer Agreement D.

Basis of consideration: : The Consideration D was arrived at after arm’s length negotiations between the Purchaser A and the Vendor D after taking into consideration of factors including but not limited to the market price of Target Asset D, the unaudited net asset value of the Target Asset D, and discussion with the independent professional valuer.

Having considered the aforesaid factors, the Board is of the view that the Consideration D is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Conditions precedent : The Target Parking Spaces Disposal Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the Disposal of Target Parking Spaces and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (vi) the Company having obtained all necessary approvals for the Disposal of Target Parking Spaces (including but not limited to the approval by the Independent Shareholders).

- Completion : The completion of the Underground Parking Space Use Rights Transfer Agreement D shall take place on a date to be agreed by the Purchaser A and the Vendor D after all the conditions precedent have been satisfied.
- Post-Completion : Subject to Target Parking Spaces Disposal Completion, the Company and Dexin Services will terminate the Parking Space Leasing and Sales Agency Services Framework Agreement.

Termination Agreement

On 24 August 2023, in view of the Acquisition of Target Parking Spaces, the Company and Dexin Services entered into the Termination Agreement to terminate the Parking Space Leasing and Sales Agency Services Framework Agreement upon and subject to the Target Parking Spaces Disposal Completion. Pursuant to the Termination Agreement, both parties have agreed to terminate the Parking Space Leasing and Sales Agency Services Framework Agreement subject to the Target Parking Spaces Disposal Completion. The agency service fees receivable by the Dexin Services Group under the Parking Space Leasing and Sales Agency Services Framework Agreement up to the Target Parking Spaces Disposal Completion and the deposits that should be repaid to Dexin Services by the Company under the Parking Space Leasing and Sales Agency Services Framework Agreement (which, as of 30 June 2023, amounted to RMB250,000,000) will be paid/repaid by the Company to Dexin Services in 30 days upon the termination.

Reasons and Benefits of Entering into of the Disposal of Target Parking Spaces and the Termination of the Parking Space Leasing and Sales Agency services Framework Agreement

As at 31 December 2022, the unaudited net asset value of the rights-of-use of the Target Parking Spaces was approximately RMB230,157,389. Upon Target Parking Spaces Disposal Completion, the Group expects to recognise an unaudited loss of approximately RMB36,180,325, being the difference between the aggregate consideration for the Disposal of Target Parking Spaces after deduction of tax and the aforesaid net asset value of the rights-of-use of the Target Parking Spaces as at 31 December 2022. The actual gain or loss as a result of the Disposal of Target Parking Spaces to be recorded by the Group is subject to audit and will be determined as at the date of Target Parking Spaces Disposal Completion.

The Directors consider that the Disposal of Target Parking Spaces can allow the Group to recognise a gain and enhance the cashflow turnover rate.

The proceeds from the Disposal of Target Parking Spaces of RMB211,435,000 will be used as general working capital of the Group.

Given that after the Target Parking Spaces Disposal Completion, the Target Parking Spaces would be directly owned by Dexin Services, the Company and Dexin Services will terminate the Parking Space Leasing and Sales Agency Services Framework Agreement upon and subject to the Target Parking Spaces Disposal Completion.

In light of the above, the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements are conducted in the ordinary and usual course of business of the Company, the terms of the Underground Parking Space Use Rights Transfer Agreements are on normal commercial terms or better and the Board considers that the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

II. MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY DISPOSAL

On 24 August 2023 (after trading hours), Dexin Movie City, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shengquan Property (an indirect wholly-owned subsidiary of Dexin China) and the Target Company, pursuant to which, Shengquan Property has conditionally agreed to acquire and Dexin Movie City has conditionally agreed to sell the 100% equity interest in the Target Company at a consideration of RMB90,000,000. The principal terms of the Equity Transfer Agreement are set out below:

- Date : 24 August 2023 (after trading hours)

- Parties : (1) Shengquan Property, as the purchaser (the “**Purchaser B**”);
(2) Dexin Movie City, as the vendor (the “**Vendor E**”); and
(3) the Target Company, as the target company

- Subject matter : Purchaser B has conditionally agreed to acquire and Dexin Movie City has conditionally agreed to sell the 100% equity interest in the Target Company upon the terms and conditions of the Equity Transfer Agreement.

The principal asset of the Target Company is the Property. Further information of the Target Company and the Property is disclosed in the section headed “General Information” in this announcement.

- Consideration: : The consideration for the Equity Disposal is RMB90,000,000, will be payable and settled by the Purchaser B in the following manner:

(1) the first instalment: RMB63,000,000, being 70% of the consideration for the Equity Disposal shall be transferred to the bank account as designated by the Vendor E within 5 working days after the Effective Date; and

- (2) the second instalment: RMB21,000,000, being the remaining 30% of the consideration for the Equity Disposal, shall be transferred to the bank account as designated by the Vendor E within 5 working days upon the date of the industrial and commercial registration changes of the Target Company's equity interest being completed.

Basis of consideration: : The consideration for the Equity Disposal was arrived at after arm's length negotiations between Dexin Move City and Dexin Services after taking into consideration of factors including but not limited to (a) the net asset value of the Target Company as at 31 December 2022; and (b) the profitability of the Target Company for the two financial years ended 31 December 2022 and 31 December 2021.

Having considered the aforesaid factors, the Board is of the view that the consideration of the Equity Disposal is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Conditions precedent : The Equity Disposal Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) all representations, warranties and undertakings made by the Vendor E under the Equity Transfer Agreement remaining true, accurate and not misleading in all material aspects;
- (ii) there being no laws, regulations or rules which may render the Equity Transfer Agreement illegal or impractical, none of the Parties facing any pending or potential claims which would restrict the performance of the Equity Transfer Agreement or have a material adverse effect on the legality or otherwise of the Equity Disposal;
- (iii) all necessary and required consents and approvals regarding the transactions contemplated under the Equity Transfer Agreement and the completion of such transactions having been obtained and completed, including but not limited to the consents from the parties' respective shareholders (if applicable) and their respective board of directors;
- (iv) the Equity Transfer Agreement having been duly signed and becoming effective;
- (v) no material adverse effect has resulted or is reasonably likely to result from the Equity Disposal;

- (vi) the equity interest in the Target Company shall be free from liabilities and/or contingent liabilities;
- (vii) the Purchaser B being satisfied with the results of its business, legal and financial due diligence review on the Target Company and the assets of the Target Company;
- (viii) the Company having issued the relevant circular in relation to the Equity Disposal and the transactions contemplated thereunder in accordance with the Listing Rules;
- (ix) the Company having obtained all necessary approvals for the Equity Disposal (including but not limited to the approval by the Independent Shareholders);
- (x) the legal title of the Property having been registered under the Dexin Services Group; and
- (xi) the Equity Transfer Agreement and the transactions contemplated thereunder have been completed in accordance with the articles of association of the Purchaser B and Dexin Movie City, the Listing Rules and any relevant laws and regulations.

Completion : Equity Disposal Completion shall take place on a date to be agreed by the Purchaser B and Dexin Movie City after all the conditions precedent have been satisfied.

Upon Equity Disposal Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

Reasons for and Benefits of Entering into of the Equity Transfer Agreement

The Directors have been continuously evaluating the current business strategies of the Group with an aim to achieve the best use of its resources, improve its overall performance.

The Directors believe that the Equity Disposal represents a good opportunity for the Group to realise its investments in the Target Company, re-deploy its resources to the development of the Group's principal business, generate more cash flow for the Group and enhance the financial position of the Group.

Upon Equity Disposal Completion, the Group expects to recognise an unaudited gain of approximately RMB49,116,815, being the difference between the consideration for the Equity Disposal and the net asset value of the Target Company at 31 December 2022. The actual gain or loss as a result of the Equity Disposal to be recorded by the Group is subject to audit and will be determined as at the date of Equity Disposal Completion.

The proceeds from the Equity Disposal of approximately RMB90,000,000 will be used as general working capital of the Group.

Having considered the above, the Directors consider the terms of the Equity Disposal are on normal commercial terms and fair and reasonable; and the Equity Disposal is in the best interests of the Company and its Shareholders as a whole.

III. GENERAL INFORMATION

Information about the Group, the Vendors and Dexin Movie City

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

Information about the Vendors

Hangzhou Desheng is a company incorporated in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company. Hangzhou Desheng is indirectly owned as to 90.1% by the Company and directly owned as to 9.9% by Hu Yuegen (胡月根), the brother of Mr. Hu. It is principally engaged in real estate development and operation.

Hangzhou Deyin is a company incorporated in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company. Hangzhou Deyin is indirectly owned as to 90.1% by the Company and directly owned as to 9.9% by Hu Yuegen (胡月根), the brother of Mr. Hu. It is principally engaged in real estate development and operation.

Hangzhou Kaishen is a company incorporated in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company. It is principally engaged in real estate development and operation.

Hangzhou Konggang is a company incorporated in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company. Hangzhou Konggang is indirectly owned as to 63.07% by the Company and directly and ultimately beneficially owned as to 12.36%, 9.00%, 6.93%, 4.40%, 3.24% and 1.00% by Sun Dashan (孫達山)、Wu Jianrong (吳建榮)、Hu Yuegen (胡月根), the brother of Mr. Hu、Sun Zhongliang (孫仲良)、Shen Jianmei (沈建妹) and Shi Fengxiang (史鳳香), respectively. It is principally engaged in real estate development and operation.

Dexin Movie City is a company incorporated in the PRC with limited liability and is the immediate holding company of the Target Company and is an indirect wholly owned subsidiary of the Company. It is principally engaged in development, construction and investment management of film and television base and tourist attraction; and development, construction, management services of tourist attractions and amenities.

Information about Dexin Services Group, Hangzhou Junde and Shengquan Property

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.

Hangzhou Junde is a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of, and ultimately beneficially owned by, Dexin Services. It is principally engaged in commercial operation.

Shengquan Property is a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of, and ultimately beneficially owned by, Dexin Services. It is principally engaged in property management.

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 holding 7.95% interests in Kaibang International Limited, a substantial shareholder of Dexin Services, they are deemed to have material interests in the Disposals, and are therefore required to abstain from voting on the resolutions in respect of the Underground Parking Space Use Rights Transfer Agreements, the Equity Transfer Agreement and the transactions contemplated thereunder at the Board meeting pursuant to the articles of association of the Company and the requirements under the Listing Rules.

Save as aforementioned, none of the Directors has a material interest in the Disposals. Therefore, no other Director has abstained from voting on such Board resolutions.

Information about the Target Company

The Target Company is a company incorporated in the PRC with limited liability and is wholly-owned by Dexin Movie City as at the date of this announcement. The Target Company is principally engaged in hotel operations and management, and provision of food and beverage catering services.

Set out below is an extract of the unaudited financial statements prepared for the two financial years ended 31 December 2022 and 31 December 2021 respectively of the Target Company:

	For the year ended	
	31 December	31 December
	2022	2021
	(RMB)	(RMB)
	(unaudited)	(unaudited)
Revenue	5,952,450	1,834,862
Profit (loss) before taxation	(28,396,619)	(7,771,386)
Profit (loss) after taxation	(21,297,677)	(5,828,796)

The unaudited net assets as at 31 December 2022 and 31 December 2021 of the Target Company amounted to approximately RMB40,883,185 and RMB62,180,862 respectively.

Information about the Property

The Property is located at No. 66 Sanmo Line, Moganshan Town, Deqing County, Huzhou, Zhejiang Province, the PRC. The site area and the total gross floor area of the Property is 17,819.66 square metres and 31,955.09 square metres respectively. The Hotel comprises the 4-storey building (including 1-storey basement) providing a total of 186 guest rooms with 3 restaurants, a wine bar and a range of facilities including a pillar-free ballroom, several meeting rooms, an indoor swimming pool, home party and gym. In August 2021, the Hotel commenced business.

IV. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Company is held as to 64.56% by Mr. Hu, of which (i) 2.52% were beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 62.03% were beneficially held by Tak Shin International Limited, the Controlling Shareholder of the Company, which is in turn held as to 92% by Mr. Hu. Meanwhile, Dexin Services is held as to 56.46% by Shengfu International Limited, which is in turn held to 91.6% by Mr. Hu. Therefore, Dexin Services, and Hangzhou Junde and Shengquan Property, each being an indirect wholly-owned subsidiary of Dexin Services, are associates of Mr. Hu and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposals constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal of Target Parking Spaces is 5% or more but less than 25%, the Disposal of Target Parking Spaces, on a standalone basis, constitutes a discloseable transaction of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Disposal is 5% or more but less than 25%, the Equity Disposal, on a standalone basis, constitutes a discloseable transaction of the Company.

Taking into account that the Disposal of Target Parking Spaces and the Equity Disposal will be entered into by the Group with subsidiaries of the same entity, Dexin Services, within a 12-month period, each of the Disposal of Target Parking Spaces and the Equity Disposal should be aggregated and treated as if the Disposals were one transaction with Dexin Services Group for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules), on an aggregate basis, in respect of the Disposals is more than 25% but less than 75%, the Disposals constitute major transactions of the Company under Chapter 14 of the Listing Rules. The Company shall be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As the connected transactions under the Parking Space Leasing and Sales Agency Services Framework Agreement will be terminated upon the Target Parking Spaces Disposal Completion, the Company is also subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

THE EGM

The Company intends to put forward proposals at the EGM to seek the Independent Shareholders' approval for the Disposals. As Dexin Services is held as to 56.46% by Shengfu International Limited, the controlling shareholder of Dexin Services, which is in turn held as to 91.6% by Mr. Hu, Mr. Hu and his associates are deemed to have material interests in the Disposals and therefore will be required to abstain from voting on the resolutions at the EGM accordingly. As at the date of this announcement, Mr. Hu and his associates held and controlled the voting rights of 1,916,886,000 Shares, representing approximately 64.56% of the total issued share capital of the Company. The relevant resolutions to be proposed in respect of the Disposals will be passed by way of ordinary resolutions and voted by way of poll in accordance with the requirements of the Listing Rules.

An independent board committee comprising all the independent non-executive Directors has been formed, and will advise the Independent Shareholders in respect of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement. An independent financial adviser will be appointed by the Company to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Disposals, (ii) the financial information of the Group; (iii) a letter from the independent board committee containing its opinion and recommendations to the Independent Shareholders in respect of the Disposals; (iv) a letter from the independent financial adviser containing its advice to the independent board committee and the Independent Shareholders in respect of the Disposals; (v) the valuation report of the Target Parking Spaces; (vi) the valuation report of the Property; (vii) the notice of the EGM; and (viii) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 14 September 2023.

DEFINITIONS

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

“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 to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Dexin Movie City”	Deqing Moganshan Dexin Movie City Development Co., Ltd. (德清莫干山德信影視城開發有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Dexin Services”	Dexin Services Group Limited (德信服務集團有限公司), 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”	collectively, Dexin Services and its subsidiaries
“Director(s)”	the director(s) of the Company
“Disposal of Target Parking Spaces”	the disposal of the rights-of-use of the Target Parking Spaces pursuant to the terms and conditions of the Underground Parking Space Use Rights Transfer Agreements
“Disposals”	collectively, the Disposal of Target Parking Spaces and the Equity Disposal
“Effective Date”	the effective date of each of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement, being the date on which the Company obtains the approval by the Independent Shareholders for the each of the transactions contemplated under the Disposal of Target Parking Spaces and the Equity Disposal
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Underground Parking Space Use Rights Transfer Agreements, the Equity Transfer Agreement and the transactions contemplated thereunder including, but not limited to, the Disposal of Target Parking Spaces and the Equity Disposal
“Equity Disposal”	the disposal of the 100% equity interest in the Target Company pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Disposal Completion”	completion of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 24 August 2023 and entered into by Shengquan Property, Dexin Movie City and the Target Company
“Group”	the Company and its subsidiaries
“Hangzhou Junde” or “Purchaser A”	Hangzhou Junde Commercial Operations Management Co., Ltd. (杭州駿德商業運營管理有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin Services

“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel” or “Property”	Moganshan Yungu Dexin New Century Mingting Hotel (莫干山雲谷德信開元名庭酒店), located at No. 66 Sanmo Line, Moganshan Town, Deqing County, Huzhou, Zhejiang Province, the PRC, of which the land use rights has been registered in the Real Estate Ownership Certificate — Zhe (2021) De Qing Xian Bu Dong Chan Quan Di No. 0024577 issued by the Deqing Municipal Bureau of Natural Resources and Planning (德清縣自然資源和規劃局)
“Independent Shareholder(s)”	the Shareholder(s) other than those who are required by the Listing Rules to abstain from voting at the EGM on the resolution to approve the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement
“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
“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, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the Share(s)
“Shengquan Property” or “Purchaser B”	Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (formerly known as Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司)), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin Services

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Deqing Moganshan Ruijing Real Estate Co., Ltd. (德清莫干山瑞璟置業有限公司), a company incorporated under the laws of the PRC with limited liability, which is wholly-owned by Dexin Movie City as at the date of this announcement
“Target Parking Spaces”	collectively, the Target Asset A, the Target Asset B, the Target Asset C and the Target Asset D
“Termination Agreement”	an agreement for termination of the Parking Space Leasing and Sales Agency Services Framework Agreement dated 24 August 2023 and entered into by the Company and Dexin Services
“Underground Parking Space Use Rights Transfer Agreement A”	the Heping Dexin Center Project underground parking space use rights transfer agreement dated 24 August 2023 and entered into by Hangzhou Junde and Hangzhou Desheng
“Underground Parking Space Use Rights Transfer Agreement B”	the Yinhu Technology Park Project underground parking space use rights transfer agreement dated 24 August 2023 and entered into by Hangzhou Junde and Hangzhou Deyin
“Underground Parking Space Use Rights Transfer Agreement C”	the Montnorth Project underground parking space use rights transfer agreement dated 24 August 2023 and entered into by Hangzhou Junde and Hangzhou Kaishen
“Underground Parking Space Use Rights Transfer Agreement D”	the Konggang City Project underground parking space use rights transfer agreement dated 24 August 2023 and entered into by Hangzhou Junde and Hangzhou Konggang
“Underground Parking Space Use Rights Transfer Agreements”	collectively, the Underground Parking Space Use Rights Transfer Agreement A, the Underground Parking Space Use Rights Transfer Agreement B, the Underground Parking Space Use Rights Transfer Agreement C and the Underground Parking Space Use Rights Transfer Agreement D, and each an Underground Parking Space Use Rights Transfer Agreement
“Vendor A” or “Hangzhou Desheng”	Hangzhou Desheng Real Estate Co., Ltd. (杭州德昇置業有限公司), a company incorporated under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company

“Vendor B” or “Hangzhou Deyin”	Hangzhou Deyin Real Estate Co., Ltd. (杭州德銀置業有限公司) (formerly known as Hangzhou Wangxin Yinhu Real Estate Co., Ltd. (杭州網新銀湖置業有限公司)), a company incorporated under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company
“Vendor C” or “ Hangzhou Kaishen”	Hangzhou Kaishen Enterprise Management Co., Ltd. (杭州凱燊企業管理有限公司) (formerly known as Hangzhou Kaishen Investment Management Co., Ltd. (杭州凱燊投資管理有限公司)), a company incorporated under the laws of the PRC with limited liability and is an indirect wholly owned subsidiary of the Company
“Vendor D” or “Hangzhou Konggang”	Hangzhou Konggang Real Estate Co., Ltd. (杭州空港置業有限公司), a company incorporated under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company
“Vendors”	collectively, the Vendor A, the Vendor B, the Vendor C and the Vendor D
“Target Parking Spaces Disposal Completion”	completion of the Underground Parking Space Use Rights Transfer Agreements
“%”	per cent

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

Hong Kong, 24 August 2023

As of the date of this announcement, the Board of the Company comprises Mr. Hu Yiping and Mr. Fei Zhongmin 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.