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德銀天下股份有限公司
DEEWIN TIANXIA CO.,LTD

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2418)

CONNECTED TRANSACTIONS

ENTERING INTO OF LEASE CONTRACT AND

ENTERING INTO OF INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT

ENTERING INTO OF LEASE CONTRACT

Tonghui, a wholly-owned subsidiary of the Company, entered into a Lease Contract with Shaanxi Heavy Duty Automobile on 16 April 2024, pursuant to which Tonghui will lease land, property and equipment from Shaanxi Heavy Duty Automobile at an aggregate rental of RMB12,446,336.52 (including tax).

ENTERING INTO OF INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT

On the same day, Tonghui entered into an Industrial Products Sale and Purchase Contract with Shaanxi Heavy Duty Automobile, pursuant to which Tonghui will provide Shaanxi Heavy Duty Automobile with power battery systems and battery replacement systems at an aggregate price of RMB17,106,194.20 (excluding tax).

LISTING RULES IMPLICATIONS

As at the date of the announcement, Tonghui is a wholly-owned subsidiary of the Company, and Shaanxi Automobile is the controlling Shareholder of the Company which directly holds 67.09% equity interests in the Company and directly holds over 30% equity interests in Shaanxi Heavy Duty Automobile, therefore Shaanxi Heavy Duty Automobile is a connected person of the Company. Accordingly, the transaction between Tonghui and Shaanxi Heavy Duty Automobile constitutes a connected transaction of the Company under the Chapter 14A of the Listing Rules.

As the maximum applicable percentage ratio (other than the profit ratio) in relation to the Lease Contract is higher than 0.1% but less than 5%, the entering into of the Lease Contract is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular and independent shareholders' approval requirements.

As the maximum applicable percentage ratio (other than the profit ratio) in relation to the Industrial Products Sale and Purchase Contract is higher than 0.1% but less than 5%, the entering into of the Industrial Products Sale and Purchase Contract is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular and independent shareholders' approval requirements.

LEASE CONTRACT

Tonghui, a wholly-owned subsidiary of the Company, entered into a Lease Contract with Shaanxi Heavy Duty Automobile on 16 April 2024, pursuant to which Tonghui will lease land, property and equipment from Shaanxi Heavy Duty Automobile.

A summary of the principal terms of the Lease Contract is as follows:

Date:	16 April 2024
Parties:	Shaanxi Heavy Duty Automobile (as the Lessor); and Tonghui (as the Lessee)
Subject matter:	Tonghui will lease land, property and equipment from Shaanxi Heavy Duty Automobile, including: <ul style="list-style-type: none">(i) Land with an area of 40,620.41 square meters located in Jingwei Industrial Park, Economic and Technological Development Zone, Xi'an;(ii) Factory buildings with an area of 42,997.72 square meters and a greenhouse with an area of 10,529 square meters, located in Jingwei Industrial Park, Economic and Technological Development Zone, Xi'an; and(iii) Equipment with an original value of RMB1.1209 million.
Rental:	The total annual rental for the land, property and equipment is RMB12,446,336.52 (including tax), which will be paid from the Group's own resources.
Lease term:	One year from 1 January 2024 to 31 December 2024.
Payment terms:	After the contract takes effect, Tonghui will pay the rental to Shaanxi Heavy Duty Automobile on a monthly basis before the 25th of each month.
Commencement of the contract:	The Lease Contract shall come into effect when signed and stamped by the parties.

INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT

On the same day, Tonghui entered into an Industrial Products Sale and Purchase Contract with Shaanxi Heavy Duty Automobile, pursuant to which Tonghui will provide Shaanxi Heavy Duty Automobile with power battery systems and battery replacement systems at an aggregate price of RMB17,106,194.20 (excluding tax).

A summary of the principal terms of the Industrial Products Sale and Purchase Contract is as follows:

Date: 16 April 2024

Parties: Tonghui (as the Seller); and
Shaanxi Heavy Duty Automobile (as the Purchaser)

Subject matter: Tonghui will provide Shaanxi Heavy Duty Automobile with power battery systems and battery replacement systems at an aggregate price of RMB17,106,194.20 (excluding tax), including:

- (i) 55 sets of in-vehicle battery replacement bases at an aggregate price of RMB1,011,902.65 (excluding tax); and
- (ii) 50 sets of 350.2kWh replaceable battery system assembly at an aggregate price of RMB14,618,081.00 (excluding tax); and
- (iii) 5 sets of 350.07kWh replaceable battery system assembly at an aggregate price of RMB1,476,210.55 (excluding tax).

The original acquisition cost paid by the Company for the abovementioned power battery systems and battery replacement systems and book value thereof was approximately RMB15,499,529.65 (excluding tax).

Settlement method: After the products have been inspected and deemed acceptable, the seller will settle the payment based on the billing information and data provided by the buyer. With the seller's consent, the payment term and method will be subject to the agreement between the parties. The seller will issue a 13% VAT special-purpose invoice and the payment will be made within 90 days after the invoice is recorded on the account.

Commencement of the contract: The Industrial Products Sale and Purchase Contract shall come into effect when signed by the parties and stamped with the special seal for contracts.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE CONTRACT AND THE INDUSTRIAL PRODUCTS SALE AND PURCHASE CONTRACT

The terms of the Lease Contract are determined after arm's length negotiations between the parties with reference to the prevailing market prices and the trading practices of similar transactions. Shaanxi Heavy Duty Automobile is a client of Tonghui with long-term cooperation and positive working relationship with Tonghui. To facilitate business operations, Tonghui has established its presence in the Shaanxi Automobile Industrial Park production base and is leasing land, property and equipment from Shaanxi Heavy Duty Automobile. The entering into of the Lease Contract is based on the overall strategic plan and business expansion needs of the Group, which is in line with the long-term development strategy of the Group and is conducive to the development of the Group's supply chain system, including warehousing, distribution, transportation, and various value-added services, facilitating the Group's long-term and healthy development. The terms of the Industrial Products Sale and Purchase Contract, including the aggregate price for the materials, settlement method and other terms set out in the Industrial Products Sale and Purchase Contract, are determined after arm's length negotiations between the parties with reference to the prevailing market prices of similar products and the trading practices of similar enterprises. Tonghui is a core member of our Group's New Energy Project Team, responsible for the battery pack assembly operations as a part of the innovative sales model of the Group's new energy business. Shaanxi Heavy Duty Automobile is a client of Tonghui with long-term cooperation and positive working relationship with Tonghui. As a result, the entering into of the Industrial Products Sale and Purchase Contract is in line with the long-term development strategy of the Group, and is conducive to expanding the business channel of the Group, exploring new fields, enhancing the Group's competitiveness, and facilitating the Group's long-term and healthy development.

Directors (including independent non-executive directors) are of the view that the Lease Contract, and the Industrial Products Sale and Purchase Contract and the transactions contemplated thereunder were entered into in the ordinary and usual course of the Company's business on normal commercial terms and the terms set out therein are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The non-executive Directors Mr. Guo Wancai, and Mr. Tian Qiang are also working for Shaanxi Automobile and/or its subsidiaries, and Mr. Zhao Chengjun is also working for Shaanxi Heavy Duty Automobile, and therefore, are deemed to have a material interest in the Lease Contract, and the Industrial Products Sale and Purchase Contract and the transactions contemplated thereunder. As a result, they have abstained from voting on the relevant resolutions at the Board meeting. Save for the above, none of other Directors had a material interest in such transactions and was required to abstain from voting on the relevant resolutions at the Board meeting.

LISTING RULES IMPLICATIONS

As at the date of the announcement, Tonghui is a wholly-owned subsidiary of the Company, and Shaanxi Automobile is the controlling Shareholder of the Company which directly holds 67.09% equity interests in the Company and directly holds over 30% equity interests in Shaanxi Heavy Duty Automobile, therefore Shaanxi Heavy Duty Automobile constitutes a connected person of the Company.

As the maximum applicable percentage ratio (other than the profit ratio) in relation to the Lease Contract is higher than 0.1% but less than 5%, the entering into of the Lease Contract is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular and independent shareholders' approval requirements.

As the maximum applicable percentage ratio (other than the profit ratio) in relation to the Industrial Products Sale and Purchase Contract is higher than 0.1% but less than 5%, the entering into of the Industrial Products Sale and Purchase Contract is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular and independent shareholders' approval requirements.

GENERAL INFORMATION

Information about Shaanxi Automobile

Shaanxi Automobile is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Shaanxi Province (a government agency in China) and is primarily engaged in the research and development, manufacturing and marketing of commercial automobiles, automobiles with special purpose and components of commercial automobiles. Shaanxi Automobile is the controlling Shareholder of the Company and as at the date of the announcement, it directly holds 67.09% equity interest in the Company.

Information about the Company

The Company is a company established in the PRC on 14 August 2014 and was converted into a joint stock company with limited liability on 25 December 2020. The Company is primarily engaged in providing various value-added services, including logistics and supply chain services, supply chain financial services and IoV and data services, to players along the commercial vehicle industry chain.

Information about Tonghui

Tonghui is a limited liability company established in the PRC, and as at the date of the announcement, the Company holds 100% of its equity interest. Tonghui's main business includes warehousing and distribution, cargo transportation, logistics consulting, and commercial automobile aftermarket services.

Information about Shaanxi Heavy Duty Automobile

Shaanxi Heavy Duty Automobile Co., Ltd. is a limited liability company established in the PRC, a well-known enterprise in China's large commercial vehicle manufacturing industry and one of the first batch of enterprises designated for whole vehicles and parts exports. Its products cover heavy-duty military off-road vehicles, heavy-duty trucks, heavy vehicle axles, and the automotive aftermarket, among other areas. As at the date of the announcement, its 49.00% equity interest is held by Shaanxi Automobile and 51.00% equity interest is held by Weichai Power Co., Ltd. (潍柴动力股份有限公司). Weichai Power Co., Ltd. is a company listed on the Main Board of the Stock Exchange (stock code: 2338) and the main board of Shenzhen Stock Exchange (stock code: SZ000338), and is principally engaged in the research and development, manufacture and sale of high-speed heavy-duty diesel engines and engine parts.

DEFINITIONS

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

“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	Deewin Tianxia Co., Ltd (德銀天下股份有限公司), a company established in the PRC on 14 August 2014 and converted into a joint stock company on 25 December 2020
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”, “our Group” or “the Group”	the Company and its subsidiaries
“Lease Contract”	Land, Property and Equipment Lease Contract entered into between Tonghui and Shaanxi Heavy Duty Automobile on 16 April 2024
“Industrial Products Sale and Purchase Contract”	Industrial Products Sale and Purchase Contract entered into between Tonghui and Shaanxi Heavy Duty Automobile on 16 April 2024
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shaanxi Automobile”	Shaanxi Automobile Group Co., Ltd. (陝西汽車集團股份有限公司), a limited liability company established in the PRC on 18 November 1989 and registered as a joint stock company with limited liability on 30 March 2021. It is a controlling Shareholder of the Company

“Shaanxi Heavy Duty Automobile”	Shaanxi Heavy Duty Automobile Co., Ltd.(陝西重型汽車有限公司), a limited liability company established in the PRC on 18 September 2002, in which 49.00% equity interest is held by Shaanxi Automobile and 51.00% equity interest is held by Weichai Power Co., Ltd. (濰柴動力股份有限公司), which is a company listed on the Main Board of the Stock Exchange (stock code: 2338) and the main board of Shenzhen Stock Exchange (stock code: SZ000338) The Company was held as to 5.24% by Shaanxi Heavy Duty Automobile
“Shareholder(s)”	holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tonghui”	Shaanxi Tonghui Automobile Logistics Co., Ltd. (陝西通匯汽車物流有限公司), a limited liability company established in the PRC on 20 October 2005, which is a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board of Directors
Deewin Tianxia Co., Ltd
 德銀天下股份有限公司
Guo Wancai
Chairman

Xi'an, the PRC
 16 April 2024

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Guo Wancai as Chairman and non-executive Director, Mr. Wang Runliang and Mr. Wang Wenqi as executive Directors, Mr. Tian Qiang, Mr. Zhao Chengjun and Ms. Feng Min as non-executive Directors, and Mr. Li Gang, Mr. Ip Wing Wai and Mr. Yu Qiang as independent non-executive Directors.