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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)**

### **DISCLOSEABLE TRANSACTION — COOPERATION AGREEMENT**

#### **INTRODUCTION**

The Board is pleased to announce that on October 24, 2019, Dexin Real Estate (an indirect wholly-owned subsidiary of the Company), the Target Company (an indirect wholly-owned subsidiary of the Company), Sunny Fond Investment, Hangzhou Douding and the Project Company entered into the Cooperation Agreement, pursuant to which:

- (1) Dexin Real Estate agreed to further contribute RMB335,087,537.45 to the registered capital of the Target Company, after which the Target Company will be held by Dexin Real Estate and Hangzhou Douding as to 50.75% and 49.25%, respectively; and
- (2) the Target Company agreed to contribute RMB1,080,121,212.12 to the registered capital of the Project Company (a wholly-owned subsidiary of Sunny Fond Investment as at the date of this announcement), after which the Project Company will be held by the Target Company and Sunny Fond Investment as to 67% and 33%, respectively.

#### **IMPLICATIONS UNDER THE LISTING RULES**

##### **Investment and Deemed Disposal in the Target Company**

As all the applicable percentage ratios in respect of the proposed investment in the Target Company by Dexin Real Estate, which constitutes a “deemed disposal” by Dexin Real Estate as defined under the Listing Rules, are below 5%, such proposed investment in the Target Company does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

##### **Investment in the Project Company**

As the highest applicable percentage ratio in respect of the proposed investment in the Project Company by the Target Company under the Cooperation Agreement exceeds 5% but is less than 25%, the entering into of the Cooperation Agreement and the proposed investment in the Project Company by the Target Company constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on October 24, 2019, Dexin Real Estate (an indirect wholly-owned subsidiary of the Company), the Target Company (an indirect wholly-owned subsidiary of the Company), Sunny Fond Investment, Hangzhou Douding and the Project Company entered into the Cooperation Agreement, pursuant to which:

- (1) Dexin Real Estate agreed to further contribute RMB335,087,537.45 to the registered capital of the Target Company, after which the Target Company will be held by Dexin Real Estate and Hangzhou Douding as to 50.75% and 49.25%, respectively; and
- (2) the Target Company agreed to contribute RMB1,080,121,212.12 to the registered capital of the Project Company (a wholly-owned subsidiary of Sunny Fond Investment as at the date of this announcement), after which the Project Company will be held by the Target Company and Sunny Fond Investment as to 67% and 33%, respectively.

## **THE COOPERATION AGREEMENT**

The principal terms of the Cooperation Agreement are set out below:

### **Date**

October 24, 2019

### **Parties**

- (a) Sunny Fond Investment;
- (b) the Target Company;
- (c) Dexin Real Estate;
- (d) Hangzhou Douding; and
- (e) the Project Company.

### **Subject Matter**

Pursuant to the Cooperation Agreement:

- (1) Dexin Real Estate agreed to further contribute RMB335,087,537.45 to the registered capital of the Target Company, after which the Target Company will be held by Dexin Real Estate and Hangzhou Douding as to 50.75% and 49.25%, respectively; and
- (2) the Target Company agreed to contribute RMB1,080,121,212.12 to the registered capital of the Project Company (a wholly-owned subsidiary of Sunny Fond Investment as at the date of this announcement), after which the Project Company will be held by the Target Company and Sunny Fond Investment as to 67% and 33%, respectively.

## **1. Investment and Deemed Disposal in the Target Company**

Pursuant to the Cooperation Agreement, the parties thereto agreed to increase the registered capital of the Target Company from RMB10,000,000 to RMB680,025,441.45, and Dexin Real Estate shall further contribute RMB335,087,537.45 whereas Hangzhou Douding shall contribute the remainder of the increased registered capital.

As at the date of this announcement, Dexin Real Estate directly holds the entire equity interest in the Target Company. Upon completion of the Cooperation Agreement, the Target Company will be held as to 50.75% by Dexin Real Estate and 49.25% by Hangzhou Douding, respectively. Accordingly, the entering into of the Cooperation Agreement constitutes a “deemed disposal” of the Target Company by Dexin Real Estate (as defined under the Listing Rules).

Upon completion of the proposed capital increase by the Target Company, the Target Company will become a non-wholly owned subsidiary of Dexin Real Estate and therefore, an indirect non-wholly owned subsidiary of the Company.

## **2. Investment in the Project Company**

### ***Capital Increase***

Pursuant to the Cooperation Agreement, the parties agreed to increase the registered capital of the Project Company from RMB532,000,000 to RMB1,612,121,212.12, of which the Target Company shall contribute RMB1,080,121,212.12.

As at the date of this announcement, Sunny Fond Investment directly holds the entire equity interest in the Project Company. Upon completion of the Cooperation Agreement, the Project Company will be held as to 67% by the Target Company and 33% by Sunny Fond Investment, respectively.

### ***Board of Directors and Shareholders’ Meetings***

The board of directors of the Project Company shall comprise five directors, one of whom shall be appointed by Sunny Fond Investment and four of whom shall be appointed by the Target Company. Among the four directors appointed by the Target Company, three of whom shall be appointed by Dexin Real Estate and one of whom shall be appointed by Hangzhou Douding. The director appointed by Sunny Fond Investment shall assume the role of the chairman of the board of directors of the Project Company. All resolutions passed by the board of directors of the Project Company shall only be effective upon the approval by a simple majority.

Pursuant to the Cooperation Agreement, the parties thereto agreed that the board of directors of the Project Company shall be the highest authority of the Project Company. Since the Project Company will become a Chinese-foreign equity joint venture after completion of the Cooperation Agreement, no shareholders’ meetings would be established according to PRC law upon completion of the Cooperation Agreement.

The parties to the Cooperation Agreement have agreed that the financial statements of the Project Company shall be consolidated by the Target Company, and the Project Company will become a non-wholly owned subsidiary of Target Company and therefore, an indirect non-wholly owned subsidiary of the Company following completion of the Cooperation Agreement.

### ***Transfer Restriction***

Without the prior consent of all other shareholders, no shareholders of the Project Company shall transfer or pledge their respective direct or indirect equity interest in the Project Company to any person.

## **INFORMATION ON THE RELEVANT PARTIES**

### **Information on the Group**

The Group is principally engaged in the development of residential properties and the development, operation and management of commercial and mixed-use properties in the PRC.

### **Information on Hangzhou Douding**

Hangzhou Douding is a limited liability company established under the laws of the PRC. It is principally engaged in investment holding.

### **Information on the Target Company**

The Target Company is a limited liability company established in the PRC and a wholly-owned subsidiary of Dexin Real Estate and therefore, an indirect wholly-owned subsidiary of the Company as at the date of this announcement. Its principal business activity is investment holding.

Upon completion of the Cooperation Agreement, the Target Company will be held by Dexin Real Estate and Hangzhou Douding as to 50.75% and 49.25% respectively, and the Target Company will become a non-wholly owned subsidiary of Dexin Real Estate and therefore, an indirect non-wholly owned subsidiary of the Company.

### **Information on Sunny Fond Investment**

Sunny Fond Investment is a limited liability company established under the laws of Hong Kong and is principally engaged in investment holding.

Sunny Fond Investment has succeeded in the public bidding for the Land Parcel on April 26, 2019 and has entered into the Land Use Right Transfer Agreement with the Hangzhou Planning and Natural Resource Bureau in relation to the transfer of land use right of the Land Parcel.

As at the date of this announcement, Sunny Fond Investment holds the entire equity interest in the Project Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Sunny Fond Investment, Hangzhou Douding and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### **Information on the Project Company**

The Project Company is a limited liability company (Taiwan, Hong Kong or Macau legal person sole investment) established in the PRC and a wholly-owned subsidiary of Sunny Fond Investment as at the date of this announcement. Its principal business activity is the development and construction of target land parcels. Upon completion of the Cooperation Agreement, the Project Company will become a Chinese-foreign equity joint venture and will be held by the Target Company and Sunny Fond Investment as to 67% and 33%, respectively. Pursuant to the Cooperation Agreement, upon completion, the financial statements of the Project Company will be consolidated by the Target Company, and the Project Company will become a non-wholly owned subsidiary of the Target Company and therefore, an indirect non-wholly owned subsidiary of the Company following completion of the Cooperation Agreement.

Based on the unaudited financial statements of the Project Company prepared in accordance with PRC Accounting Standards, the unaudited loss before taxation and loss after taxation of the Project Company for the period from May 14, 2019 (being the date of establishment of the Project Company) to September 30, 2019 were approximately RMB368,000.

The unaudited net assets value of the Project Company as at September 30, 2019 was approximately RMB334,570,000.

The Project Company has entered into the Supplemental Land Use Right Transfer Agreement with Sunny Fond Investment and the Hangzhou Planning and Natural Resource Bureau and became the transferee of the land use right of the Land Parcel. As at the date of this announcement, the Project Company has not yet acquired the land use right of the Land Parcel.

The consideration for the land use right of the Land Parcel will be paid in two instalments. The first instalment (being RMB797,480,000, including paid bidding deposit) has been settled by the Project Company, whereas the second instalment (being RMB797,480,000) shall be settled by the Project Company not later than January 8, 2020.

The Land Parcel has an expected planned site area and expected planned gross floor area of 34,489.2 square meters and 93,120.9 square meters respectively, and is designated for the development of business commercial and residential properties, and social carpark lot.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE COOPERATION AGREEMENT**

The Group is a leading comprehensive property developer based in Zhejiang Province in the PRC. In order to facilitate its business growth and expansion, the Group employs a number of strategies, including the (i) acquisition of quality land reserves; and (ii) the expansion of the Group's residential property development business.

Sunny Fond Investment has succeeded in the public bidding for the Land Parcel on April 26, 2019, which is a piece of high quality land designated for the development of business commercial and residential properties and social carpark lot located in Hangzhou City. The Project Company is the transferee of the land use right of the Land Parcel under the Supplemental Land Use Right Transfer Agreement.

The capital contribution to the Target Company and the Project Company payable under the Cooperation Agreement payable by the Group was determined based on arm's length negotiations between the parties with reference to (i) the consideration for the land use right of the Land Parcel; and (ii) the future pre-development costs of the Land Parcel.

The contribution of the Group payable under the Cooperation Agreement will be funded by the Group's internal resources.

The Group implements its strategic network layout of "deeply rooted in Zhejiang Province with a presence in the Yangtze River Delta Region and the key hub cities of China", to expand its land bank in Zhejiang Province, which brings synergy to the Group's existing property development projects in the region. The Group believes that the entering into of the Cooperation Agreement represents an excellent investment opportunity for the Group to further enhance the influence of the brand of the Group in Hangzhou City and better consolidate and utilize the brand advantages of the Group in the region. As such, the Directors consider that the entering into of the Cooperation Agreement is in line with the Group's business growth and expansion strategies.

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

## **IMPLICATIONS UNDER THE LISTING RULES**

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## DEFINITIONS

In this announcement, the following expressions shall 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
“Cooperation Agreement”	the cooperation agreement dated October 24, 2019 entered into among Dexin Real Estate, the Target Company, Sunny Fond Investment, Hangzhou Douding and the Project Company in relation to, among other things, the investment in the Target Company and the Project Company
“Dexin Real Estate”	Dexin Real Estate Group Co., Ltd.* (德信地產集團有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Directors(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Douding”	Hangzhou Douding Corporate Management Consulting Co., Ltd* (杭州兜鼎企業管理諮詢有限公司), a limited liability company established under the laws of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land Parcel”	the parcel of land numbered Pengbu Unit B/R/S41/S42-36 Land Parcel (彭埠單元B/R/S41/S42-36地塊) with its eastern boundary at Guihua Yuanjuzhi Road, southern boundary at Guihua Tiancheng Road, western boundary at Mingshi Road and northern boundary at Guihua Lvhuahua, located in Hangzhou City of Zhejiang Province, the PRC
“Land Use Right Transfer Agreement”	the land use right transfer agreement dated May 10, 2019 entered into between Sunny Fond Investment and the Hangzhou Planning and Natural Resource Bureau in relation to the transfer of land use right of the Land Parcel
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China
“Project Company”	Hangzhou Junxing Properties Co., Ltd.* (杭州駿興置業有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of Sunny Fond Investment
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunny Fond Investment”	Sunny Fond Investment Limited (新方投資有限公司), a limited liability company established under the laws of Hong Kong
“Supplemental Land Use Right Transfer Agreement”	the supplemental land use right transfer agreement dated May 27, 2019 entered into among the Project Company, Sunny Fond Investment and the Hangzhou Planning and Natural Resource Bureau to supplement the Land Use Right Transfer Agreement
“Target Company”	Hangzhou Kaiding Corporate Management Co., Ltd.* (杭州凱鼎企業管理有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent

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

Hong Kong, October 24, 2019

*As of the date of this announcement, the Board of Directors of the Company comprises Mr. Hu Yiping, Mr. Fei Zhongmin and Ms. Feng Xia 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*