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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)

CONTINUING CONNECTED TRANSACTIONS

(1) REVISION OF ANNUAL CAPS

AND

(2) HUZHOU FRAMEWORK DECORATION SERVICE AGREEMENT

REVISION OF ANNUAL CAPS AND HUZHOU FRAMEWORK DECORATION SERVICE AGREEMENT

As disclosed in the Prospectus, the Company entered into the following continuing connected transaction agreements for a term up to December 31, 2021:

- (1) the Framework Property Management Service Agreement with ShengQuan Property Service, whereby ShengQuan Property Service agreed to provide the Property Management Services to the Group from time to time; and
- (2) the Framework Decoration Service Agreement with Zhejiang Geya Decoration, whereby Zhejiang Geya Decoration agreed to provide decoration and related services to the Group from time to time.

The Company was granted, at the time of its listing, waivers by the Stock Exchange from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the transactions contemplated under each of the Framework Property Management Service Agreement and the Framework Decoration Service Agreement.

The Board expects that the existing annual caps under each of the Framework Property Management Service Agreement and the Framework Decoration Service Agreement for the three years ending December 31, 2019, 2020 and 2021 will be insufficient, and therefore the Board proposed to revise the relevant annual caps by entering into the Supplemental Framework Agreements.

Furthermore, the Board hereby announces that on November 28, 2019, the Company entered into the Huzhou Framework Decoration Service Agreement with Huzhou Geya, whereby Huzhou Geya agreed to provide decoration and related services to the Group from time to time.

IMPLICATIONS UNDER THE LISTING RULES

Supplemental Framework Property Management Service Agreement

As at the date of this announcement, ShengQuan Property Service is owned as to 80.09% by Shengquan Holding which is wholly owned by Dexin Holding. Dexin Holding is owned as to 91.61% by Mr. Hu Yiping (an executive Director and a controlling Shareholder) and 8.39% by Mr. Hu Shihao (a non-executive Director and a controlling Shareholder), respectively. ShengQuan Property Service is therefore a connected person of the Company. Accordingly, the entering into of the Supplemental Property Management Service Agreement and the transactions contemplated thereunder (including the revision to the existing annual caps) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Supplemental Framework Decoration Service Agreement and Huzhou Framework Decoration Service Agreement

Zhejiang Geya Decoration and Huzhou Geya are respectively owned as to 91.43% and 90% by Mr. Hu Yuegen, the brother of Mr. Hu Yiping. Zhejiang Geya Decoration and Huzhou Geya are therefore connected persons of the Group. Accordingly, the entering into of the Supplemental Decoration Service Agreement and the Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder (including the revision to the existing annual caps) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the revised annual caps for the transactions contemplated under the Supplemental Framework Agreements for the year ending December 31, 2019 and the annual cap for the transactions contemplated under the Huzhou Framework Decoration Service Agreement for the year ending December 31, 2019, on an aggregated basis, are more than 0.1% but less than 5%, the annual caps for such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the revised annual caps for the two years ending December 31, 2020 and 2021 for the transactions contemplated under the Supplemental Framework Agreements and the annual caps for the transactions contemplated under the Huzhou Framework Decoration Service Agreement for the two years ending December 31, 2020 and 2021, on an aggregated basis, exceed 5%, the annual caps for such transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The revised annual caps for the two years ending December 31, 2020 and 2021 shall be effective upon the approval of the Independent Shareholders. In the event that the approval of the Independent Shareholders in respect of the revised annual caps for the two years ending December 31, 2020 and 2021 for the transactions contemplated under the Supplemental Framework Agreements and the annual caps for the transactions contemplated under the Huzhou Framework Decoration Service Agreement for the two years ending December 31, 2020 and 2021 is not obtained, the Company will further revise such annual caps to the extent that the applicable percentage ratios for the further revised annual caps for the two years ending December 31, 2020 and 2021 will not exceed 5%. Further announcement(s) will be made by the Company as and when appropriate.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, will be formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the revised annual caps for the two years ending December 31, 2020 and 2021 under the Supplemental Framework Agreements and the annual caps for the two years ending December 31, 2020 and 2021 under the Huzhou Framework Decoration Service Agreement.

In this connection, the Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the revised annual caps for the two years ending December 31, 2020 and 2021 under the Supplemental Framework Agreements and the annual caps for the two years ending December 31, 2020 and 2021 under the Huzhou Framework Decoration Service Agreement.

EGM

The EGM will be convened, inter alia, for the Independent Shareholders to consider and, if thought fit, approve the revised annual caps for the two years ending December 31, 2020 and 2021 under the Supplemental Framework Agreements and the annual caps for the two years ending December 31, 2020 and 2021 under the Huzhou Framework Decoration Service Agreement.

Mr. Hu Yiping and his associates are interested in the Supplemental Framework Agreements and the Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder and therefore will be required to abstain from voting on the resolutions at the EGM. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Supplemental Framework Agreements and the Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

A circular containing, among other things, (i) further details of the Supplemental Framework Agreements regarding the revised annual caps for the two years ending December 31, 2020 and 2021 and the Huzhou Framework Decoration Service Agreement regarding the annual caps for the two years ending December 31, 2020 and 2021; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or around December 31, 2019, as additional time is required to prepare the information in the circular.

INTRODUCTION

As disclosed in the Prospectus, the Company entered into the following continuing connected transaction agreements for a term up to December 31, 2021:

- (1) the Framework Property Management Service Agreement with ShengQuan Property Service, whereby ShengQuan Property Service agreed to provide the Property Management Services to the Group from time to time; and
- (2) the Framework Decoration Service Agreement with Zhejiang Geya Decoration, whereby Zhejiang Geya Decoration agreed to provide decoration and related services to the Group from time to time.

The Company was granted, at the time of its listing, waivers by the Stock Exchange from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the transactions contemplated under each of the Framework Property Management Service Agreement and the Framework Decoration Service Agreement.

The Board expects that the existing annual caps under each of the Framework Property Management Service Agreement and the Framework Decoration Service Agreement for the three years ending December 31, 2019, 2020 and 2021 will be insufficient, and therefore the Board proposed to revise the relevant annual caps by entering into the Supplemental Framework Agreements.

Furthermore, the Board hereby announces that on November 28, 2019, the Company entered into the Huzhou Framework Decoration Service Agreement with Huzhou Geya, whereby Huzhou Geya agreed to provide decoration and related services to the Group from time to time.

(1) SUPPLEMENTAL FRAMEWORK PROPERTY MANAGEMENT SERVICE AGREEMENT

On November 28, 2019, the Company and ShengQuan Property Service entered into the Supplemental Framework Property Management Service Agreement to make revisions to the existing annual caps under the Framework Property Management Service Agreement for the three years ending December 31, 2019, 2020 and 2021. Save for the amendment to the existing annual caps, all other terms and conditions (including the pricing policy and basis) of the Framework Property Management Service Agreement shall remain in full force and effect.

Set out below are (i) the historical transaction amounts for the Property Management Services provided by ShengQuan Property Service for the two years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019; and (ii) the existing annual caps under the Framework Property Management Service Agreement and the revised annual caps under the Supplemental Framework Property Management Service Agreement, respectively, for the three years ending December 31, 2019, 2020 and 2021.

	Historical transaction amount (RMB in thousands)			Annual cap (RMB in thousands)						
	For the year ended		For the nine	December 31, 2019		For the year ending		December 31, 2021		
	December 31,	December 31,	months ended			December 31, 2020				
	2017	2018	September 30,	Existing	Revised	Existing	Revised	Existing	Revised	
		2019	annual cap	annual cap	annual cap	annual cap	annual cap	annual cap	annual cap	
ShengQuan										
Property Service										
(i) Pre-delivery property management services	3,677	6,699	12,264	18,200	20,000	23,650	50,000	35,500	75,000	
(ii) Management and related services to the display units, sales offices and common area of the property projects of the Group	20,535	12,457	25,162	27,000	53,000	27,350	100,000	30,400	225,000	
Total	24,212	19,156	37,426	45,200	73,000	51,000	150,000	65,900	300,000	

The revised annual caps under the Supplemental Framework Property Management Service Agreement in relation to the provision of pre-delivery property management services are determined with reference to a number of factors, including, among others, (i) the planned delivery schedule of the property projects, based on which it is expected that the number of property projects to be delivered by the Group will be around 15 in 2019, around 22 in 2020 and around 29 in 2021, respectively, for which the Group may engage ShengQuan Property Service for the pre-delivery property management services; (ii) the estimation that the total GFA under development and planned GFA for future development, for which the Group expects to complete the development during 2019 to 2021 according to the development schedule, will be increased by approximately 93% from 2018 to 2019, approximately 73% from 2019 to 2020 and approximately 26% from 2020 to 2021, respectively; and (iii) change of the Company's strategy to develop more fine decorated apartments and high end products to customers resulting in the increase of property management fee. As a result, the Group's expectation on the demand for such services by ShengQuan Property Service exceeds the initial expectation of the Group due to the rapid growth of the property development business of the Group.

The revised annual caps under the Supplemental Framework Property Management Service Agreement in relation to the provision of management and the related services to the display units, sales offices and common area of the Group's property projects are determined with reference to a number of factors, including, among others, (i) the number of current and projected new property projects of the Group which is expected to commence pre-sales

during 2019 to 2021 according to the development schedule; (ii) the total GFA of the relevant display units and sales office; (iii) geographical locations of the property projects; (iv) the expected length of pre-sales period of the property projects; (v) the human resources allocation to the relevant display units and sales offices; and (vi) the labor costs and material costs in the PRC which is expected to increase steadily in the next three years. The Company estimates that the number of current and projected new property projects of the Group which is expected to commence pre-sales will be around 43 in 2019, around 73 in 2020 (24 of which will be projected new property projects) and around 121 in 2021 (74 of which will be projected new property projects), respectively, according to the development schedule. Further, the Company estimates that the total GFA of the relevant display units and sales office of the Group's property projects in Zhejiang Province requiring management and the related services thereto will be increased by approximately 128% for the year of 2019 as compared to 2018, approximately 77% for the year of 2020 as compared to 2019, and approximately 104% for the year of 2021 as compared to 2020.

As a result, the increase of number of current and projected new property projects which is expected to commence pre-sale for the years ending December 31, 2019, 2020 and 2021 exceeds the initial expectation of the Group due to the rapid growth of the Group's property development business.

The Board confirms that the existing annual cap for the year ending 31 December 2019 under the Framework Property Management Service Agreement has not yet been exceeded as at the date of this announcement.

(2) SUPPLEMENTAL FRAMEWORK DECORATION SERVICE AGREEMENT

On November 28, 2019, the Company and Zhejiang Geya Decoration entered into the Supplemental Framework Decoration Service Agreement to make revisions to the existing annual caps under the Framework Decoration Service Agreement for the three years ending December 31, 2019, 2020 and 2021. Save for the amendment to the existing annual caps, all other terms and conditions (including the pricing policy and basis) of the Framework Decoration Service Agreement shall remain in full force and effect.

Set out below are (i) the historical transaction amounts for the decoration and related services provided by Zhejiang Geya Decoration for the two years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019; and (ii) the existing annual caps under the Framework Decoration Service Agreement and the revised annual caps under the Supplemental Framework Decoration Service Agreement, respectively, for the three years ending December 31, 2019, 2020 and 2021.

	Historical figures (RMB in thousands)			Annual cap (RMB in thousands)					
	For the year ended December 31, 2017	December 31, 2018	For the nine months ended September 30, 2019	December 31, 2019		For the year ending December 31, 2020		December 31, 2021	
				Existing annual cap	Revised annual cap	Existing annual cap	Revised annual cap	Existing annual cap	Revised annual cap
Zhejiang Geya Decoration	31,116	113,462	107,530	130,000	200,000	160,000	260,000	200,000	320,000

The revised annual caps under the Supplemental Framework Decoration Service Agreement for the three years ending December 31, 2019, 2020 and 2021 are determined with reference to, among other things, the following factors: (i) the historical transactions and transaction amounts for the provision of decoration and related services; (ii) change of the Company's strategy to sell fine decorated apartments to customers in order to increase average selling price of the properties, and (iii) the Group's expectation on the projected new property projects that the Group may engage Zhejiang Geya Decoration exceeds the initial expectation of the Group due to the rapid growth of the Group's property development business.

The Board confirms that the existing annual cap for the year ending December 31, 2019 under the Framework Decoration Service Agreement has not yet been exceeded as at the date of this announcement.

(3) HUZHOU FRAMEWORK DECORATION SERVICE AGREEMENT

Details of the principal terms of the Huzhou Framework Decoration Service Agreement are as follows:

Date

November 28, 2019

Parties

- (1) the Company (for itself and on behalf of its subsidiaries) (as service recipient); and
- (2) Huzhou Geya (for itself and on behalf of its subsidiaries) (as service provider).

Term

The Huzhou Framework Decoration Service Agreement shall be effective from the date of the Huzhou Framework Decoration Service Agreement and up to and including December 31, 2021 and the term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Subject Matter

Pursuant to the Huzhou Framework Decoration Service Agreement, Huzhou Geya agreed to provide decoration and related services to the Group from time to time, including but not limited to fine decoration of apartments, decoration of common area and installation of doors, windows and curtain wall.

The Group will adhere to the following procedures when conducting transactions with Huzhou Geya under the Huzhou Framework Decoration Service Agreement:

- (1) Huzhou Geya shall provide decoration and related services to the Group according to the definitive decoration services agreements to be entered into between Huzhou Geya and members of the Group from time to time;

- (2) the Group will endeavour to solicit at least two independent third parties of the Company to participate in the selection procedures;
- (3) the decoration fees payable by the Group shall be based on the fee quotes to be submitted by Huzhou Geya under selection procedures; and
- (4) the definitive decoration services agreement to be entered into between Huzhou Geya and members of the Group shall only contain provisions which are consistent with the binding principles, guidelines, terms and conditions set out in the Huzhou Framework Decoration Service Agreement.

Pricing Policy

The decoration fees payable by the Group shall be based on the fee quotes submitted by Huzhou Geya, taking into account a wide range of factors such as the nature and conditions of the relevant property projects and the scope of services to be provided. The Group shall also determine the fees with reference to the fees quoted by other independent and comparable decoration service providers to the Group under normal commercial terms in the ordinary course of its business. The fee quotes submitted to the Group will be subject to the selection procedure set out below:

- (i) depending on the actual situations (such as the amount and size of the transaction), the Group shall publish a tender announcement on newspapers and information network designated by the competent authorities to invite unspecified potential bidders or issue tender invitation to potential bidders, or the project company will obtain service supply proposals from at least three potential suppliers based on the Group's needs and the criteria set out by the operation department, at least two of whom should be independent third parties of the Company;
- (ii) an internal tender review committee, which comprises the general manager of the Group's regional companies and the project managers of the Group's projects, will be responsible for reviewing the terms and conditions of the tender documents; and
- (iii) the internal tender review committee will set up an assessment mechanism based on the scores given by the committee members to each potential bidder in relation to various aspects such as the offer price of the services to be provided, credentials of potential bidder, quality of services to be provided and allocation of human resources. The average scores of the potential bidders will be used by the internal tender review committee as an indicator for the selection of the service provider.

The internal tender review committee will only approve the application of the potential bidder if it is considered to have a competitive advantage in the relevant market in which the Group's property projects are located.

Proposed Annual Caps

Set out below are the proposed annual caps under the Huzhou Framework Decoration Service Agreement for the three years ending December 31, 2019, 2020 and 2021:

	Annual cap (RMB in thousands) For the year ending		
	December 31, 2019	December 31, 2020	December 31, 2021
Service fees payable to Huzhou Geya	30,000	55,000	55,000

In arriving at the above annual caps, the Company has taken into account the estimated total amounts of decoration fees payable by the Group in relation to (i) the projected new property projects that the Group may engage Huzhou Geya for the provision of such decoration services for the three years ending December 31, 2019, 2020 and 2021, (ii) the total GFA of the relevant properties requiring decoration and related services; and (iii) the type of decoration services required for the Group's properties, and in particular, whether the decoration services are refined decoration.

INFORMATION ON THE RELEVANT PARTIES

Information on the Group

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

Information on ShengQuan Property Service

ShengQuan Property Service is a company established under the laws of the PRC with limited liability and is principally engaged in providing property management services. ShengQuan Property Service is owned as to approximately 80.09% by Shengquan Holding which is wholly-owned by Dexin Holding, a company owned by Mr. Hu Yiping (an executive Director and a controlling Shareholder) as to 91.61% and Mr. Hu Shihao (a non-executive Director and a controlling Shareholder) as to 8.39%, respectively.

Information on Zhejiang Geya Decoration

Zhejiang Geya Decoration is a company established under the laws of the PRC with limited liability and is principally engaged in providing decoration services. Zhejiang Geya Decoration is owned as to 91.43% by Mr. Hu Yuegen, the brother of Mr. Hu Yiping.

Information on Huzhou Geya

Huzhou Geya is a company established under the laws of the PRC with limited liability and is principally engaged in providing decoration services. Huzhou Geya is owned as to 90% by Mr. Hu Yuegen, the brother of Mr. Hu Yiping.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL FRAMEWORK AGREEMENTS AND THE HUZHOU FRAMEWORK DECORATION SERVICE AGREEMENT

The Group is a leading comprehensive property developer based in Zhejiang Province in the PRC. The Company is of the view that the Supplemental Framework Agreements enable the Group to (a) secure a stable source of the relevant services; and (b) have ShengQuan Property Service and Zhejiang Geya Decoration as stable suppliers of the relevant services in its ordinary course of business on normal commercial terms.

Supplemental Framework Property Management Service Agreement

Based on the established long-term cooperation relationship between ShengQuan Property Service and the Group, ShengQuan Property Service has a track record of providing reliable, efficient and satisfactory pre-delivery property management services to the Group. As compared to other service providers who are independent third parties, it generally maintains better and more efficient communication with the Group and more thorough understanding of the conditions of the property projects of the Group and its requirements of the services needed.

Supplemental Framework Decoration Service Agreement

Based on the established long-term cooperation relationship between Zhejiang Geya Decoration and the Group, Zhejiang Geya Decoration is reliable and co-operative supplier and has been able to meet the stringent demands of the Group for the decoration services provided by them to the Group. As compared to other service providers who are independent third parties, it generally maintains better and more efficient communication with the Group and more thorough understanding of the quality standard of the Group's property projects and its requirements of the services needed.

Huzhou Framework Decoration Service Agreement

The Group does not engage in the provision of the decoration services and therefore the decoration and related services to properties of the Group have been provided by third-party service providers, such as Huzhou Geya.

Taking into account various factors such as credentials, fee quote, qualification, experience and quality of services, the Group plans to engage Huzhou Geya as the decoration service provider by entering into the Huzhou Framework Decoration Service Agreement. The Group intends to continue to adopt the above selection criteria for the engagement of decoration service providers.

Huzhou Geya is a professional decoration services firm which provides decoration and related services to the Group and other third party customers.

Huzhou Geya is a sister company of Zhejiang Geya Decoration, as both are controlled by Mr. Hu Yuegen, the brother of Mr. Hu Yiping. Due to difference in geographical locations, in respect of projects at located at Huzhou, the Group intends to engage Huzhou Geya instead of Zhejiang Geya Decoration for decoration and related services. As a result, the Group entered into the Huzhou Framework Decoration Service Agreement.

The terms of each of the Supplemental Framework Agreements and the Huzhou Framework Decoration Service Agreement are agreed upon after arm's length negotiations between the Group and the relevant Services Providers.

The Directors (including the independent non-executive Directors) consider that the terms of each of the Supplemental Framework Agreements and the revised annual caps for the year ending December 31, 2019 and the terms of the Huzhou Framework Decoration Service Agreement and the annual cap for the year ending December 31, 2019 are fair and reasonable and on normal commercial terms no less favourable to the Company than terms available to independent third parties of the Company and that the entering into of the Supplemental Framework Agreements and the Huzhou Framework Decoration Service Agreement is in the ordinary and usual course of business of the Group and is in the best interest of the Company and the Shareholders as a whole.

The Directors (other than the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the revised annual caps for the two years ending December 31, 2020 and 2021 under each of the Supplemental Framework Agreements and the annual caps for the two years ending December 31, 2020 and 2021 under the Huzhou Framework Decoration Service Agreement are fair and reasonable and on normal commercial terms, is in the ordinary and usual course of business of the Group and is in the best interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, as part of the Group's internal controls systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the pricing policy under the Framework Agreements (as supplemented by the Supplemental Framework Agreements), the Company will implement the following internal control arrangements:

- (i) Before entering into individual transactions, the finance department and if applicable, certain other relevant departments of the Group will review the proposed terms of the individual transactions and discuss with the relevant departments of the Group to ensure that the individual transactions are conducted on normal commercial terms and in compliance with the pricing policies of the Group before the relevant departments approve the finalized transaction agreements according to their authority within the Group;
- (ii) The finance department of the Company is responsible for overseeing the connected transactions of the Group. The finance department of the Company will monitor and collect detailed information on the connected transactions on a regular basis, including but not limited to the implementation of pricing policies, payment arrangements and actual transaction amounts to ensure that the connected transactions are conducted in accordance with the Framework Agreements (as supplemented by the Supplemental Framework Agreements). In addition, the finance department of the Company is responsible for monitoring and reviewing the balance amount of the annual cap for the continuing connected transactions on a monthly basis. If the annual cap for the continuing connected transactions is expected to be exceeded for a particular year, the finance department of the Company will report to the management of the Company and take appropriate measures in accordance with the relevant requirements of the Listing Rules;

- (iii) The independent internal control consultant of the Company is responsible for performing regular assessment on the internal control procedures of the Group, including but not limited to the relevant information on the management of the continuing connected transactions; and
- (iv) The senior management of the Company is responsible for supervising and monitoring the adoption of internal control procedures of the Group, so as to ensure the implementation of pricing policies is in compliance with the Framework Agreements and the actual transaction amounts are controlled within its respective annual caps. The senior management of the Company also reviews the implementation of pricing policies and the monitoring of annual caps annually.

The Board is of the view that the above methods and procedures can ensure that the pricing and other contract terms for the Group's continuing connected transactions are on normal commercial terms no less favourable to the Company than terms available to independent third parties of the Company, fair and reasonable and in the interests of the Company and its shareholders and that the continuing connected transactions are conducted as agreed in the relevant Framework Agreements (as supplemented by the Supplemental Framework Agreements) and in compliance with Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

In light of the interests of Mr. Hu Yiping and Mr. Hu Shihao (the son of Mr. Hu Yiping) in the Service Providers as further explained in the section headed "Implications under the Listing Rules" below, each of Mr. Hu Yiping and Mr. Hu Shihao has abstained from voting on the resolutions of the Board in respect of the Supplemental Framework Agreements, the Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder pursuant to the articles of association of the Company and requirements under the Listing Rules. Save as disclosed above, none of the other Directors has a material interest in the Supplemental Framework Agreements, the Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder and hence no other Director has abstained from voting on the relevant resolutions of the Board.

IMPLICATIONS UNDER THE LISTING RULES

Supplemental Framework Property Management Service Agreement

As at the date of this announcement, ShengQuan Property Service is owned as to 80.09% by Shengquan Holding which is wholly owned by Dexin Holding. Dexin Holding is owned as to 91.61% by Mr. Hu Yiping (an executive Director and a controlling Shareholder) and 8.39% by Mr. Hu Shihao (a non-executive Director and a controlling Shareholder), respectively. ShengQuan Property Service is therefore a connected person of the Company. Accordingly, the entering into of the Supplemental Property Management Service Agreement and the transactions contemplated thereunder (including the revision to the existing annual caps) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Supplemental Framework Decoration Service Agreement and Huzhou Framework Decoration Service Agreement

Zhejiang Geya Decoration and Huzhou Geya are respectively owned as to 91.43% and 90% by Mr. Hu Yuegen, the brother of Mr. Hu Yiping. Zhejiang Geya Decoration and Huzhou Geya are therefore connected persons of the Group. Accordingly, the entering into of the Supplemental Decoration Service Agreement and the Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder (including the revision to the existing annual caps) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the revised annual caps for the transactions contemplated under the Supplemental Framework Agreements for the year ending December 31, 2019 and the annual cap for the transactions contemplated under the Huzhou Framework Decoration Service Agreement for the year ending December 31, 2019, on an aggregated basis, are more than 0.1% but less than 5%, the annual caps for such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the revised annual caps for the two years ending December 31, 2020 and 2021 for the transactions contemplated under the Supplemental Framework Agreements and the annual caps for the transactions contemplated under the Huzhou Framework Decoration Service Agreement for the two years ending December 31, 2020 and 2021, on an aggregated basis, exceed 5%, the annual caps for such transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The revised annual caps for the two years ending December 31, 2020 and 2021 shall be effective upon the approval of the Independent Shareholders. In the event that the approval of the Independent Shareholders in respect of the revised annual caps for the two years ending December 31, 2020 and 2021 for the transactions contemplated under the Supplemental Framework Agreements and the annual caps for the transactions contemplated under the Huzhou Framework Decoration Service Agreement for the two years ending December 31, 2020 and 2021 is not obtained, the Company will further revise such annual caps to the extent that the applicable percentage ratios for the further revised annual caps for the two years ending December 31, 2020 and 2021 will not exceed 5%. Further announcement(s) will be made by the Company as and when appropriate.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, will be formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the revised annual caps for the two years ending December 31, 2020 and 2021 under the Supplemental Framework Agreements and the annual caps for the two years ending December 31, 2020 and 2021 under the Huzhou Framework Decoration Service Agreement.

In this connection, the Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the revised annual caps for the two years ending December 31, 2020 and 2021 under the Supplemental Framework Agreements and the annual caps for the two years ending December 31, 2020 and 2021 under the Huzhou Framework Decoration Service Agreement.

EGM

The EGM will be convened, inter alia, for the Independent Shareholders to consider and, if thought fit, approve the revised annual caps for the two years ending December 31, 2020 and 2021 under the Supplemental Framework Agreements and the annual caps for the two years ending December 31, 2020 and 2021 under the Huzhou Framework Decoration Service Agreement.

Mr. Hu Yiping and his associates are interested in the Supplemental Framework Agreements and the Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder and therefore will be required to abstain from voting on the resolutions at the EGM. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Supplemental Framework Agreements and the Huzhou Framework Decoration Service Agreement and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

A circular containing, among other things, (i) further details of the Supplemental Framework Agreements regarding the revised annual caps for the two years ending December 31, 2020 and 2021 and the Huzhou Framework Decoration Service Agreement regarding the annual caps for the two years ending December 31, 2020 and 2021; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or around December 31, 2019, as additional time is required to prepare the information in the circular.

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
“Dexin Holding”	Dexin Holding Group Limited* (德信控股集團有限公司), a limited liability company established in the PRC and is owned as to 91.61% by Mr. Hu Yiping and 8.39% by Mr. Hu Shihao
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Supplemental Framework Agreements regarding the revised annual caps for the two years ending December 31, 2020 and 2021 and the Huzhou Framework Decoration Service Agreement regarding the annual caps for the two years ending December 31, 2020 and 2021
“Framework Agreements”	the Framework Decoration Service Agreement, the Framework Property Management Service Agreement and the Huzhou Framework Decoration Service Agreement
“Framework Decoration Service Agreement”	the framework decoration service agreement dated February 1, 2019 entered into between the Company and Zhejiang Geya Decoration to govern the provision of decoration and related services to the Group for its property development projects for a term up to December 31, 2021
“Framework Property Management Service Agreement”	the framework property management service agreement dated February 1, 2019 entered into between the Company and ShengQuan Property Service to govern the provision of Property Management Services by ShengQuan Property Service to the Group for its property development projects for a term up to December 31, 2021
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huzhou Framework Decoration Service Agreement”	the framework decoration service agreement dated November 28, 2019 entered into between the Company and Huzhou Geya to govern the provision of decoration and related services to the Group for its property development projects for a term from the date of the agreement and up to December 31, 2021
“Huzhou Geya”	Huzhou Geya Doors and Windows Co., Ltd.* (湖州格雅門窗有限公司), a company established under the laws of the PRC with limited liability
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors pursuant to the Listing Rules to advise the Independent Shareholders in relation to the revised annual caps for the two years ending December 31, 2020 and 2021 under the Supplemental Framework Agreements and the annual caps for the two years ending December 31, 2020 and 2021 under the Huzhou Framework Decoration Service Agreement

“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the revised annual caps for the two years ending December 31, 2020 and 2021 under the Supplemental Framework Agreements and the annual caps for the two years ending December 31, 2020 and 2021 under the Huzhou Framework Decoration Service Agreement
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Hu Yiping and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Property Management Services”	various property management services including pre-delivery property management services and management services to display units, sales offices and common area
“Prospectus”	the prospectus of the Company dated February 14, 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Services Providers”	ShengQuan Property Service, Zhejiang Geya Decoration and Huzhou Geya
“Shengquan Holding”	Shengquan Holding Co., Ltd.* (盛全控股有限公司), a company established under the laws of the PRC with limited liability which is wholly-owned by Dexin Holding
“ShengQuan Property Service”	ShengQuan Property Service Co., Ltd.* (盛全物業服務股份有限公司), a company established under the laws of the PRC with limited liability
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supplemental Framework Agreements”	the Supplemental Framework Decoration Service Agreement and the Supplemental Framework Property Management Service Agreement
“Supplemental Framework Decoration Service Agreement”	the agreement dated November 28, 2019 entered into between the Company and Zhejiang Geya Decoration to amend the annual caps for the three years ending December 31, 2019, 2020 and 2021
“Supplemental Framework Property Management Service Agreement”	the agreement dated November 28, 2019 entered into between the Company and ShengQuan Property Service to amend the annual caps for the three years ending December 31, 2019, 2020 and 2021

“Zhejiang Geya Decoration” Zhejiang Geya Decoration Co., Ltd.* (浙江格雅裝飾有限公司), a company established under the laws of the PRC with limited liability

“%” per cent

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

Hong Kong, November 28, 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*