

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



你的生活知己

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) DISCLOSEABLE TRANSACTION; AND (2) REMEDIAL MEASURES OF THE COMPANY

On 30 November 2021, Hangzhou Kaiqing, an indirect wholly-owned subsidiary of the Company, entered into the Guarantee Agreement with Hangzhou Ruiyang, a supplier and an independent third party of the Company, pursuant to which, Hangzhou Kaiqing shall provide a guarantee for the amount of RMB550 million borrowed by Hangzhou Ruiyang from Ping An Bank and receive 3% guarantee fee from Hangzhou Ruiyang. On 1 December 2021 and 3 December 2021, Hangzhou Kaiqing entered into the Pledge Contracts with Ping An Bank, pursuant to which Hangzhou Kaiqing agreed to pledge the certificates of deposit of a total value of RMB550 million to Ping An Bank in order to provide guarantees for Hangzhou Ruiyang, for the amount of RMB550 million by way of pledge. Hangzhou Kaiqing will receive an aggregate of 4.67% of the total amount of the Pledge Contracts as the income (including the 1.67% interest income per year generated from the Pledge Contracts and 3% guarantee fee per year from the Guarantee Agreement).

IMPLICATIONS OF THE LISTING RULES

As the Guarantee Agreement, Pledge Contract 1 and Pledge Contract 2 were entered into within a 12 month period and entered into between the same parties or are otherwise related, the Guarantee Agreement and the Pledge Contracts were required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Guarantee Agreement and the Pledge Contracts exceeds 5% but are all below 25%, the Pledge and the Guarantee constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company's failure to comply with the reporting and announcement requirements in respect of the Pledge and the Guarantee constitute non-compliance of the Listing Rules. Pledge Contract 1 and Pledge Contract 2 were subsequently terminated on 4 January 2022 and 6 January 2022 respectively after being signed. As of the date of this announcement, the certificates of deposits pledged have all been returned to Hangzhou Kaiqing from Ping An Bank and therefore no adverse impact have been caused to the Company. In order to ensure proper compliance with the Listing Rules in the future, the Company is carrying out remedial measures.

INTRODUCTION

During the recent preparation of the annual audited consolidated financial statements of the Company, the Pledge and the Guarantee was noticed by the Company's auditors from handling Ping An Bank's confirmation letters, and that there may be non-compliance with the Listing Rules.

On 30 November 2021, Hangzhou Kaiqing, an indirect wholly-owned subsidiary of the Company, entered into the Guarantee Agreement with Hangzhou Ruiyang, a supplier and an independent third party of the Company, pursuant to which, Hangzhou Kaiqing shall provide a guarantee for the amount of RMB550 million borrowed by Hangzhou Ruiyang from Ping An Bank and receive 3% guarantee fee from Hangzhou Ruiyang. On 1 December 2021 and 3 December 2021, Hangzhou Kaiqing entered into the Pledge Contracts with Ping An Bank, pursuant to which Hangzhou Kaiqing agreed to pledge the certificates of deposit of a total value of RMB550 million to Ping An Bank in order to provide guarantees for Hangzhou Ruiyang, for the amount of RMB 550 million by way of pledge. Hangzhou Kaiqing will receive 4.67% of the total amount of the Pledge Contracts as the income (including the 1.67% interest income per year generated from the Pledge Contracts and 3% guarantee fee per year from the supplier).

THE TRANSACTION

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

Date: 30 November 2021

Parties: (1) Hangzhou Kaiqing; and
(2) Hangzhou Ruiyang

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hangzhou Ruiyang and its ultimate beneficial owners are third parties independent of the Company

Terms of the Guarantee: (1) Hangzhou Kaiqing agrees to provide guarantee required by Ping An Bank to prompt the completion of borrowing by Hangzhou Ruiyang;

(2) Hangzhou Ruiyang undertakes that if its borrowing application with Ping An Bank is approved, the use of proceeds will be used for its normal business operations and guarantees to repay accordingly;

(3) Hangzhou Ruiyang will repay 3% guarantee fee per year to Hangzhou Kaiqing for the pledge provided by Hangzhou Kaiqing; and

(4) the Guarantee Agreement shall be terminated if the borrowing application with Ping An Bank is not approved.

The principal terms of the Pledge Contracts are set out below:

Date: 1 December 2021 (Pledge Contract 1)

3 December 2021 (Pledge Contract 2)

Parties: (1) Hangzhou Kaiqing, as the pledger

(2) Ping An Bank, as the pledgee

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Ping An Bank and its ultimate beneficial owners are third parties independent of the Company

Subject to be pledged and interest income: Certificates of deposits of a total value of RMB550 million, deposited by Hangzhou Kaiqing into the pledge account designated by Ping An Bank, Hangzhou Kaiqing will receive 1.67% of the total amount of the Pledge Contracts as the interest income per year

Term of the Pledge: From the effective dates of the Pledge Contracts until the repayment of RMB 550 million by Hangzhou Ruiyang

REASONS AND BENEFITS OF ENTERING INTO THE PLEDGE CONTRACTS AND THE GUARANTEE AGREEMENT

The Directors consider that the Guarantee Agreement and the Pledge Contracts are conducted in the ordinary course of business of the Group (the counterparty is one of the Group's business partner) and that terms of the Guarantee Agreement and the Pledge Contracts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

TERMINATION OF THE PLEDGE CONTRACTS

Pledge Contract 1 and Pledge Contract 2 were subsequently terminated on 4 January 2022 and 6 January 2022 respectively after being signed. As of the date of this announcement, the certificates of deposits pledged have all been returned to Hangzhou Kaiqing from Ping An Bank and therefore no adverse impact have been caused to the Company.

INFORMATION OF THE PARTIES

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

Hangzhou Kaiqing is a company established under the laws of the PRC with limited liability, an indirect wholly-owned subsidiary of the company. It is principally engaged in corporate advisory service.

Hangzhou Ruiyang is a company established under the laws of the PRC with limited liability. It is principally engaged in supply chain management, which is held as to 95% by Deqing Kaisheng Enterprise Management Co., Ltd. (德清凱昇企業管理有限公司) and 5% by Wei Qiang(魏強); Deqing Kaisheng Enterprise Management Co., Ltd. is held by Lai Haiping(賴海萍).

Ping An Bank Co., Ltd. Hangzhou Branch (平安銀行股份有限公司杭州分行), the branch of a joint stock limited liability company established in the PRC, the issued shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000001).

IMPLICATIONS OF THE LISTING RULES

As the Guarantee Agreement, Pledge Contract 1 and Pledge Contract 2 were entered into within a 12 month period and entered into between the same parties or are otherwise related, the Guarantee Agreement and the Pledge Contracts were required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Guarantee Agreement and the Pledge Contracts exceeds 5% but are all below 25%, the Pledge and the Guarantee constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company's failure to comply with the reporting and announcement requirements in respect of the Pledge and the Guarantee constitute non-compliance of the Listing Rules.

REMEDIAL MEASURES

In view of the non-compliance of the Listing Rules and to ensure proper compliance with the Listing Rules in the future, the Company deeply regrets its failure to make timely disclosures in respect of the Guarantee Agreement and the Pledge Contracts in compliance with the Listing rules and is promptly carrying out remedial measures to protect the interest of the Company and the Shareholders as a whole as follows:

- (a) the Company issues this announcement disclosing the details of the transactions in accordance with the relevant provisions of Chapter 14 of the Listing Rules in order to keep all Shareholders informed;
- (b) conducting interviews with the management team of the Company and Ping An Bank in relation to the Pledge and the Guarantee to understand and gather knowledge of the Guarantee Agreement and the Pledge Contracts;

- (c) entrusting the audit committee of the Company with the responsibility to review and modify the internal control system and financial reporting system and update the internal handbook of the Company with reference to the Listing Rules;
- (d) arranging for the Company’s finance department to conduct a series of self-inspection actions to scrutinize whether the Company has any other similar incident;
- (e) seeking legal advice and other professional advice from time to time to ensure proper disclosure in compliance with the requirements of the Listing Rules; and
- (f) arranging a training session on the compliance requirements and practical application of, among others, the Listing Rules (in particular Chapter 14 and Chapter 14A of the Listing Rules) and corporate governance to the Board.

DEFINITIONS

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

| | |
|-----------------------|--|
| “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” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director (s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Guarantee” | the guarantee provided by Hangzhou Kaiqing to Hangzhou Ruiyang pursuant to the Guarantee Agreement |
| “Guarantee Agreement” | the agreement dated 30 November 2021 entered into between Hangzhou Kaiqing and Hangzhou Ruiyang, pursuant to which, Hangzhou Kaiqing shall provide a guarantee for the amount of RMB550 million borrowed by Hangzhou Ruiyang from Ping An Bank and receive 3% guarantee fee per year from Hangzhou Ruiyang |
| “Hangzhou Kaiqing” | Hangzhou Kaiqing Enterprise Management Co., Ltd. (杭州凱箐企業管理有限公司) |
| “Hangzhou Ruiyang” | Hangzhou Ruiyang Supply Chain Management Co., Ltd. (杭州瑞揚供應鏈管理有限公司) |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |

| | |
|---------------------|--|
| “percentage ratio” | has the meaning ascribed thereto under the Listing Rules |
| “Ping An Bank” | Ping An Bank Co., Ltd. Hangzhou Branch (平安銀行股份有限公司杭州分行), the branch of a joint stock limited liability company established in the PRC, the issued shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000001) |
| “Pledge” | the pledge made by Hangzhou Kaiqing to Ping An Bank pursuant to the Pledge Contracts |
| “Pledge Contract 1” | the pledge contract dated 1 December 2021 entered into between the Hangzhou Kaiqing and Ping An Bank to pledge the certificate of deposit of a total value of RMB250 million |
| “Pledge Contract 2” | the pledge contract dated 3 December 2021 entered into between the Hangzhou Kaiqing and Ping An Bank to pledge the certificate of deposit of a total value of RMB300 million |
| “Pledge Contracts” | Pledge Contract 1 and Pledge Contract 2 |
| “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” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

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

Hong Kong, 18 April 2022

As of the date of this announcement, the Board of the Company comprises Mr. Hu Yiping, Mr. Fei Zhongmin and Ms. Shan Bei as executive Directors, Mr. Hu Shihao as a non-executive Director, and Dr. Wong Wing Kuen Albert, Mr. Ding Jianguang and Mr. Chen Hengliu as independent non-executive Directors.