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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 IN RELATION TO THE LEASE AGREEMENT

The Board is pleased to announce that on 26 April 2022 (after trading hours), Zhejiang Dehong as lessor (an indirect non-wholly owned subsidiary of the Company) and Hangzhou Jingyu as lessee entered into the Lease Agreement for a term of two years and ten months from 1 May 2022 to 28 February 2025.

As at the date of this announcement, Hangzhou Jingyu is indirectly owned as to approximately 68.00% by Dexin Holdings. Dexin Holdings is owned as to approximately 96.18% by Mr. Hu Yiping (an executive Director and a controlling shareholder) and as to 3.82% by Ms. Wei Peifen (the wife of Mr. Hu Yiping), respectively. Therefore, Hangzhou Jingyu constitutes a connected person of the Company. Accordingly, the entering into of the Lease Agreement and the transactions contemplated thereunder 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 under the Listing Rules) in respect of the annual caps for the two years ending 30 April 2023 and 2024 and the ten months ending 28 February 2025 for the transactions contemplated under the Lease Agreement exceed 0.1% but are less than 5%, 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.

INTRODUCTION

The Board is pleased to announce that on 26 April 2022 (after trading hours), Zhejiang Dehong as lessor (an indirect non-wholly owned subsidiary of the Company) and Hangzhou Jingyu as lessee entered into the Lease Agreement for a term of two years and ten months from 1 May 2022 to 28 February 2025.

THE LEASE AGREEMENT

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

Date:	26 April 2022
Parties:	(1) Zhejiang Dehong (as lessor); and (2) Hangzhou Jingyu (as lessee).
Term:	From 1 May 2022 to 28 February 2025
Property:	Blocks 16, 17, 18 and 19 located at the intersection of Lijing Road and Zhuanzhi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC
Area:	Gross floor area of 25,819.9 square metres
Rent:	RMB14,136,395 per year The first three installments of rent shall be payable on 25 May 2022. Each of the remaining instalments of rent shall be payable every three months by pre-payments.
Security deposit:	RMB780,000 shall be paid by Hangzhou Jingyu in one lump sum within 5 months after the date of the Lease Agreement.
Delivery:	Zhejiang Dehong shall deliver the Property to Hangzhou Jingyu by 30 April 2022.
Usage:	Serviced apartments, hotel and office use

Proposed Annual Caps

Set out below are the proposed annual caps under the Lease Agreement:

Proposed Annual Caps			
<i>(RMB)</i>			
For the year ending 30 April 2022	For the year ending 30 April 2023	For the year ending 30 April 2024	For the year ending 28 February 2025
–	14,136,395	14,136,395	11,773,874

The proposed annual caps were determined based on the rent payable by Hangzhou Jingyu to the Group for the period from 1 May 2022 to 28 February 2025. The rent under the Lease Agreement was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises per square metre in the vicinity.

INFORMATION ON THE PARTIES

The Group

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

Dexin Real Estate

Dexin Real Estate is a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development.

Dexin Holdings

Dexin Holdings is a company established under the laws of the PRC with limited liability. It is principally engaged in property investment, investment consulting and management services, property leasing and real estate sales agency. As at the date of this announcement, Dexin Holdings is approximately owned as to 96.18% by Mr. Hu Yiping (an executive Director and a controlling shareholder) and as to 3.82% by Ms. Wei Peifen (the wife of Mr. Hu Yiping), respectively.

Zhejiang Dehong

Zhejiang Dehong is a company established under the laws of the PRC with limited liability and is principally engaged in property development and management and leasing of self-owned properties. As at the date of this announcement, Zhejiang Dehong is indirectly owned as to 80% by Dexin Real Estate.

Hangzhou Jingyu

Hangzhou Jingyu is a company established under the laws of the PRC with limited liability and is principally engaged in hotel management and leasing of residential premises. As at the date of this announcement, Hangzhou Jingyu is indirectly owned as to 68.00% by Dexin Holdings.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The Group is a leading comprehensive property developer based on Zhejiang Province in the PRC. The Company is of the view that the entering into of the Lease Agreement would allow the Group to increase the occupancy rate, make efficient use of its investment properties and increase its revenue from leasing.

The Directors (including the independent non-executive Directors) are of the view that the Lease Agreement was entered into in the usual and ordinary course of business of the Group, and the terms of the Lease Agreement are fair and reasonable and on normal commercial terms. Accordingly, the Lease Agreement and the transactions contemplated thereunder and the proposed annual caps are fair and reasonable and in the interests of the Company and its 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 control systems to ensure that the transactions between the Group and its connected persons are conducted in accordance with the pricing policy and other terms of the Lease Agreement, the Company will implement the following internal control arrangements:

- (i) 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 policy, payment arrangements and actual transaction amounts to ensure that the connected transactions are conducted in accordance with the Lease Agreement. 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.
- (ii) 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.
- (iii) 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 policy is in compliance with the Lease Agreement and the actual transaction amounts are controlled within its respective annual caps. The senior management of the Company also reviews the implementation of pricing policy and the monitoring of annual caps annually.

The Board is of the view that the implementation of 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 Lease Agreement and in compliance with Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

In light of the interests of Mr. Hu Yiping in Dexin Holdings as further explained in the section headed "Implications under the Listing Rules" below, Mr. Hu Yiping has abstained from voting on the resolution of the Board in respect of the Lease 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 Lease Agreement and the transactions contemplated thereunder and hence no other Director has abstained from voting on the relevant resolution of the Board.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Hangzhou Jingyu is indirectly owned as to approximately 68.00% by Dexin Holdings. Dexin Holdings is owned as to approximately 96.18% by Mr. Hu Yiping (an executive Director and a controlling shareholder) and as to 3.82% by Ms. Wei Peifen (the wife of Mr. Hu Yiping), respectively. Therefore, Hangzhou Jingyu constitutes a connected person of the Company. Accordingly, the entering into of the Lease Agreement and the transactions contemplated thereunder 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 under the Listing Rules) in respect of the annual caps for the two years ending 30 April 2023 and 2024 and the ten months ending 28 February 2025 for the transactions contemplated under the Lease Agreement exceed 0.1% but are less than 5%, 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.

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)
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Dexin Holdings”	Dexin Holdings Group Co., Ltd.* (德信控股集團有限公司), a company established under the laws of the PRC with limited liability which is owned as to 96.18% by Mr. Hu Yiping and 3.82% by Ms. Wei Peifen, respectively as at the date of this announcement
“Dexin Real Estate”	Dexin Real Estate Group Co., Ltd.* (德信地產集團有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Jingyu”	Hangzhou Jingyu Apartment Management Co., Ltd.* (杭州環寓公寓管理有限公司), a company established under the laws of the PRC with limited liability and indirectly owned as to 68.00% by Dexin Holdings as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the lease agreement dated 26 April 2022 entered into between Zhejiang Dehong as lessor and Hangzhou Jingyu as lessee for a term from 1 May 2022 to 28 February 2025
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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, the Macau Special Administrative Region of the PRC and Taiwan

“Property”	the property located at Blocks 16, 17, 18 and 19 located at the intersection of Lijing Road and Zhuanzhi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC as specified in the Lease Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Dehong”	Zhejiang Dehong Real Estate Co., Ltd.* (浙江德鴻置業有限公司), a company established under the laws of the PRC with limited liability and indirectly owned as to 80% by Dexin Real Estate as at the date of this announcement
“%”	per cent

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

Hong Kong, 26 April 2022

As of the date of this announcement, the Board of Directors 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 Jiangan and Mr. Chen Hengliu as independent non-executive Directors.

* *For identification purposes only*