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DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中國控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2019)

DISCLOSEABLE TRANSACTION EQUITY TRANSFER AGREEMENT

THE DISPOSAL

The Board is pleased to announce that on 6 April 2023, Ningbo Houdong Real Estate Information & Consulting Co., Ltd. (寧波厚東房地產信息諮詢有限公司) as the vendor, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with Zhongyi Ningbo Eco-garden Holding Co., Ltd. as the purchaser, the Company and New Zhongyu, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 100% equity interest in the Target Company at a consideration of RMB372,540,000. As a result of the Disposal, the Company is expected to record a revenue of RMB168,499,842 based on its 45.23% equity interests in the Vendor.

The Target Company is principally engaged in property development and operation as well as interior decoration of residential properties. Upon completion of the Disposal, the Group will cease to have any interest in the Target Company and the Target Company will no longer be accounted for as a subsidiary of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal under the Equity Transfer Agreement exceeds 5% but is less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

On 6 April 2023, the Vendor, the Purchaser, the Company and New Zhongyu entered into the Equity Transfer Agreement in relation to the Equity Transfer. The principal terms of the Equity Transfer Agreement are set out below:

Subject Matter

Pursuant to the Equity Transfer Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire, 100% of the equity interests in the Target Company at a consideration of RMB372,540,000. Upon the completion of the transactions contemplated under the Equity Transfer Agreement, the Purchaser will acquire 100% of the equity interests in the Target Company.

Consideration

The total consideration payable by the Purchaser amounted to RMB372,540,000.

The consideration was determined after arm's length negotiations between the parties with reference to the valuation of the total equity interests, the assets and liabilities of the Target Company as at 31 December 2022 (performed by an independent valuer using the asset approach) and the development potential of the land owned by the Target Company.

80% of the total consideration, being RMB298,032,000, shall be payable within ten (10) days after the following conditions have been satisfied:

- (a) The parties shall complete the change of industrial and commercial registration procedures regarding the Equity Transfer within seven (7) days after the execution of the agreement;
- (b) The Purchaser has received the certificate of the change of industrial and commercial registration of the Target Company.

The parties shall complete the transfer of all information such as the company chop and business licence of the Target Company within 5 days after the payment of the first instalment by the Vendor.

20% of the total consideration, being RMB74,508,000, will be paid within ten (10) days after all information is transferred.

Termination

The Vendor is entitled to terminate the Equity Transfer Agreement in the following circumstances:

- 1) Where the Purchaser fails to pay the Equity Transfer amount as stipulated in the Equity Transfer Agreement with such payment being overdue for more than thirty (30) days;
- 2) Where the Purchaser terminates the Equity Transfer Agreement without cause after the execution of the Equity Transfer Agreement;
- 3) Where the Purchaser does not cooperate in handling the change of industrial and commercial registration procedures of the Target Company or the handover of the Target Company for its own reasons.

In the event that the Equity Transfer Agreement is terminated for reasons attributable to the Purchaser, the Purchaser shall pay to the Vendor a liquidated damages calculated at the rate of 5% of the total Equity Transfer amount.

If the Purchaser fails to pay the consideration as scheduled in accordance with the Equity Transfer Agreement, it shall pay to the Vendor a liquidated damages calculated at the rate of 0.0005% of the late payment amount per day.

Completion

Completion of the Equity Transfer shall take place on the date on which the 100% equity interests in the Target Company have been transferred by the Vendor to the Purchaser, and the total consideration of RMB372,540,000 is paid by the Purchaser.

Upon completion of the Equity Transfer, the Group would cease to hold any equity interest in the Target Company. Accordingly, the Target Company would cease to be a subsidiary of the Group and its financial results would no longer be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in property development and operation as well as interior decoration of residential properties. As of the date of this announcement, the Target Company is held as to 100% by the Vendor. The Target Company holds a parcel of land located in the east side of Haitang Road and the north side of Xingbin Road in Yuyao City, Ningbo, Zhejiang Province, the PRC and the buildings erected on the site. Other than the above assets, the Target Company has no other assets and debts. As of the date of this announcement, the construction works at the site is not completed.

As at the date of this announcement, the registered capital of the Target Company is RMB531,014,500, fully paid up and held as to 100% by the Vendor.

Set out below is a summary of the unaudited financial information of the Target Company (based on the financial statements of the Target Company as prepared in accordance with the PRC GAAP) for the two financial years ended 31 December 2022 and as at 28 February 2023:

	As at 31 December 2021 (unaudited) (RMB'000)	As at 31 December 2022 (unaudited) (RMB'000)	As at 28 February 2023 (unaudited) (RMB'000)
Profit/(loss) before taxation	(3,262)	(2,563)	(805)
Profit/(loss) after taxation	(2,493)	(1,924)	(604)

The unaudited net assets value and the total assets of the Target Company as at 28 February 2023 were approximately RMB525,993,440.43 and RMB525,993,440.43, respectively.

INFORMATION ON THE COMPANY, THE VENDOR, THE PURCHASER AND NEW ZHONGYU

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

The Vendor is a company established under the laws of the PRC with limited liability, an indirect non-wholly owned subsidiary of the Company, and is held as to 45.23%, 5.02%, 35.06%, 6.19% and 8.5% by the Company, Dexin Xinsheng Corporate Management Partners (a limited partner) (德信信晟企業管理合作夥伴(有限合作夥伴)), New Zhongyu, Yuyao Songle Investment Co., Ltd. (余姚市松樂投資有限公司) and Ningbo Junxin Trading Co., Ltd. (寧波駿欣貿易有限公司), respectively. It is principally engaged in property investment.

The Purchaser is a company established under the laws of the PRC with limited liability, which is principally engaged in land improvement services, engineering and construction business. As at the date of this announcement, the Purchaser is ultimately owned by Zhongyi Ningbo Eco-garden Management Committee(中意寧波生態園管理委員會).

New Zhongyu is a company established under the laws of the PRC with limited liability and is principally engaged in the development, operation and property services of real estate. As at the date of this announcement, New Zhongyu is owned as to 95% by Shi Keda and 5% by Shi Wencheng.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and their respective ultimate beneficial owners are independent third parties of the Company and its connected persons.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion of the Disposal, the Target Company would cease to be a subsidiary of the Group. Accordingly, the assets and liabilities as well as the results of operation of the Target Company would no longer be consolidated into the consolidated financial statements of the Group.

As a result of the Disposal, the Company is expected to record a revenue of RMB168,499,842 based on its 45.23% equity interests in the Vendor. The Company is expected to record an unaudited loss before tax of approximately RMB69,406,991.11, which is calculated with reference to (a) the consideration payable under the Equity Transfer Agreement and (b) the unaudited net asset value of the Target Company as at 28 February 2023. The actual loss on the Disposal to be recorded is subject to audit and may be different from the estimated amount as it will depend on, among other things, (i) the actual amount of the assets and liabilities of the Target Company as at the date of completion of the Disposal; and (ii) the actual transaction costs incurred.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE EQUITY TRANSFER AGREEMENT

The Group is principally engaged in the property development and construction services, property investment and hotel operations in the PRC. In order to facilitate its business growth and expansion, the Group employs a number of strategies, including (i) the acquisition of quality land reserves; and (ii) the expansion of the Group's residential and commercial property development business.

The Disposal offers an opportunity for the Group to realise its investments, thereby further enhance the liquidity of the Group. The Company also expects that the Disposal will improve the Group's overall asset turnover rate. As such, the Directors consider that the entering into of the Equity Transfer Agreement is in line with the Group's strategies. Overall, it is expected that the proceeds from the Disposal will be used as general working capital of the Group.

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

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal under the Equity Transfer Agreement exceeds 5% but is less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 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 (德信中國控股有限公司), 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
“Vendor”	Ningbo Houdong Real Estate Information & Consulting Co., Ltd. (寧波厚東房地產信息諮詢有限公司), a company established in the PRC with limited liability, an indirect non-wholly owned subsidiary of the Company, and is held as to 45.23% by the Company
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of 100% of the equity interests in the Target Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 6 April 2023 entered into between the Vendor, the Purchaser, the Company and New Zhongyu in relation to the Equity Transfer
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“independent third party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and together with its/their ultimate beneficial owner(s) are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Purchaser”	Zhongyi Ningbo Eco-garden Holding Co., Ltd. (中意寧波生態園控股集團有限公司), a company established under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	Yuyao Houxin Property Co. Ltd. (余姚厚新置業有限公司), a company established under the laws of the PRC with limited liability
“%”	per cent
“New Zhongyu”	New Zhonyu Group Co., Ltd. (新中宇集團有限公司), a company established under the laws of the PRC with limited liability

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

Hong Kong, 6 April 2023

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 Jiangang and Mr. Chen Hengliu as independent non-executive Directors.