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## **Dexin Services Group Limited**

## **德信服务集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2215)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

#### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Prospectus in relation to the 2021 Continuing Connected Transaction Agreements.

The 2021 Continuing Connected Transaction Agreements will expire on 31 December 2023, and the Company has entered into the 2024 Continuing Connected Transaction Agreements on 15 December 2023 to further extend these agreements for a period of three years and to set their respective annual caps.

The 2024 Continuing Connected Transaction Agreements include:

- (1) The 2024 Master Dexin China Smart Community Solutions Services Agreement;
- (2) The 2024 Master Mr. Hu Smart Community Solutions Services Agreement;
- (3) The 2024 Master Dexin China Property Management and Related Services Agreement; and
- (4) The 2024 Master Mr. Hu Property Management and Related Services Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Company is held as to 56.46% by Shengfu International, the controlling shareholder of the Company, which is in turn held as to 91.6% by Mr. Hu. Meanwhile, as Dexin China is held as to 64.56% by Mr. Hu, of which (i) 2.52% were beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 62.03% were beneficially held by Tak Shin International Limited, the controlling shareholder of Dexin China, which is in turn held as to 92% by Mr. Hu, therefore each of Dexin China and Mr. Hu's Companies is an associate of Mr. Hu and connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under each of the 2024 Continuing Connected Transaction Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the provision of the Smart Community Solutions Services exceed 0.1% but none of them exceeds 5%, therefore such transactions (with their annual caps aggregated) are subject to the reporting, annual review and announcement requirements but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the provision of the Property Management and Related Services exceed 5%, therefore such transactions (with their annual caps aggregated) are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE EGM AND DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details of the Non-exempt Continuing Connected Transactions, (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions, (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions, and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 5 January 2024.

## I. BACKGROUND

Reference is made to the Prospectus in relation to the 2021 Continuing Connected Transaction Agreements.

The 2021 Continuing Connected Transaction Agreements will expire on 31 December 2023, and the Company has entered into the 2024 Continuing Connected Transaction Agreements on 15 December 2023 to further extend these agreements for a period of three years and to set their respective annual caps.

## II. THE PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### 1. The 2024 Master Dexin China Smart Community Solutions Services Agreement

#### *Principal Terms*

Parties	:	The Company (for itself and on behalf of its subsidiaries) and Dexin China (for itself and on behalf of its subsidiaries)
Date	:	15 December 2023
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Service scope	:	The Group may, from time to time, provide Dexin China Group with smart community solutions with hardware and software that integrate, among other things, visitor management, traffic control, carpark management, security control, energy conservation and fire control capabilities for properties developed by Dexin China Group.
Basis for determining service fees	:	The service fees shall be determined on arm's length basis with reference to (i) the location and the conditions of the properties; (ii) the costs for research and development; (iii) the scope of services; (iv) the anticipated operational costs (including labour costs and material costs); (v) the rates offered by the Group to Independent Third Parties in respect of comparable services; and (vi) the fees charged by independent third party service providers for similar services in the market. The service fees shall not be lower than the standard fees to be charged from Independent Third Parties.

Other principal terms : The relevant parties shall enter into specific agreements pursuant to the 2024 Master Dexin China Smart Community Solutions Services Agreement in respect of each transaction regarding the provision of the Dexin China Smart Community Solutions Services. The individual Dexin China Smart Community Solutions Services agreements shall contain provisions, which are, in all material aspects, consistent with the 2024 Master Dexin China Smart Community Solutions Services Agreement.

***Historical Transaction Amounts***

The annual caps for each of the two years ended 31 December 2022 and the year ending 31 December 2023 and the historical transaction amounts for each of the two years ended 31 December 2022 and the ten months ended 31 October 2023 are set out below:

	For the year ended 31 December				For the year ending	For the ten months ended
	2021		2022		31 December	31 October
	Annual cap <i>RMB'000</i>	Historical amount <i>RMB'000</i>	Annual cap <i>RMB'000</i>	Historical amount <i>RMB'000</i>	2023 Annual cap <i>RMB'000</i>	2023 Historical amount <i>RMB'000</i>
Service fees	17,700	17,000	19,700	7,000	20,600	3,000

***Proposed Annual Caps and Factors Taken into Account in Determining Annual Caps***

The maximum aggregate annual service fees to be charged for the Dexin China Smart Community Solutions Services for the years ending 31 December 2024, 2025 and 2026 shall not exceed the annual caps set out below:

	Proposed annual caps		
	For the year ending 31 December		
	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2026 <i>RMB'000</i>
Service fees	3,110	3,260	3,430

The proposed annual caps for the provision of the Dexin China Smart Community Solutions Services for each of the three years ending 31 December 2026 have been determined with reference to:

- (1) the historical transaction amounts in relation to the Dexin China Smart Community Solutions Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023;
- (2) the existing contracts under which Dexin China Group has engaged the Group to provide the Dexin China Smart Community Solutions Services;
- (3) the fees charged for the provision of comprehensive smart community solutions services for the two years ended 31 December 2022 and the ten months ended 31 October 2023 based on the property nature and the complexity of projects; and
- (4) the expected demand for the Dexin China Smart Community Solutions Services for the properties to be developed by Dexin China Group for each of the three years ending 31 December 2026. It is estimated that the Group will provide Dexin China Smart Community Solution Services to seven, seven and seven projects newly developed and owned by Dexin China Group for each of the three years ending 31 December 2026, respectively.

## **2. The 2024 Master Mr. Hu Smart Community Solutions Services Agreement**

### ***Principal Terms***

Parties	:	The Company (for itself and on behalf of its subsidiaries) and Mr. Hu (for and on behalf of Mr. Hu's Companies)
Date	:	15 December 2023
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)
Service scope	:	The Group may, from time to time, provide Mr. Hu's Companies with smart community solutions with hardware and software that integrate, among other things, visitor management, traffic control, carpark management, security control, energy conservation and fire control capabilities for properties developed by Mr. Hu's Companies.

- Basis for determining service fees : The service fees shall be determined on arm's length basis with reference to (i) the location and the conditions of the properties; (ii) the costs for research and development; (iii) the scope of services; (iv) the anticipated operational costs (including labour costs and material costs); (v) the rates offered by the Group to Independent Third Parties in respect of comparable services; and (vi) the fees charged by independent third party service providers for similar services in the market. The service fees shall not be lower than the standard fees to be charged from Independent Third Parties.
- Other principal terms : The relevant parties shall enter into specific agreements pursuant to the 2024 Master Mr. Hu Smart Community Solutions Services Agreement in respect of each transaction regarding the provision of the Mr. Hu Smart Community Solutions Services. The individual Mr. Hu Smart Community Solutions Services agreements shall contain provisions, which are, in all material aspects, consistent with the 2024 Master Mr. Hu Smart Community Solutions Services Agreement.

### ***Historical Transaction Amounts***

The annual caps for each of the two years ended 31 December 2022 and the year ending 31 December 2023 and the historical transaction amounts for each of the two years ended 31 December 2022 and the ten months ended 31 October 2023 are set out below:

	For the year ended 31 December		For the year ended 31 December		For the year ending 31 December	For the ten months ended 31 October
	2021	2022	2022	2023	2023	2023
	Annual cap	Historical amount	Annual cap	Historical amount	Annual cap	Historical amount
	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>
Service fees	26,500	22,700	26,700	9,300	28,000	2,800

***Proposed Annual Caps and Factors Taken into Account in Determining Annual Caps***

The maximum aggregate annual service fees to be charged for the Mr. Hu Smart Community Solutions Services for the years ending 31 December 2024, 2025 and 2026 shall not exceed the annual caps set out below:

	<b>Proposed annual caps</b>		
	<b>For the year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Service fees	2,930	3,070	3,280

The proposed annual caps for the provision of the Mr. Hu Smart Community Solutions Services for each of the three years ending 31 December 2026 have been determined with reference to:

- (1) the historical transaction amounts in relation to the Mr. Hu Smart Community Solutions Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023;
- (2) the existing contracts under which Mr. Hu's Companies have engaged the Group to provide the Mr. Hu Smart Community Solutions Services;
- (3) the fees charged for the provision of the Smart Community Solutions Services based on the property nature and the complexity of projects; and
- (4) the expected demand for the Mr. Hu Smart Community Solutions Services for the properties to be developed by Mr. Hu's Companies for the each of the three years ending 31 December 2026. It is estimated that the Group will provide Mr. Hu Smart Community Solution Services to three, three and three projects newly developed and owned by Mr. Hu's Companies for each of the three years ending 31 December 2026, respectively.

### 3. Aggregated Proposed Annual Caps for the Provision of the Smart Community Solutions Services

Since the Dexin China Smart Community Solutions Services and the Mr. Hu Smart Community Solutions Services are similar in nature, the annual caps applicable to the provision of the Smart Community Solutions Services should be aggregated pursuant to Rule 14A.81 of the Listing Rules.

The aggregated annual cap amounts for the provision of the Smart Community Solutions Services for each of the three years ending 31 December 2026 are as follows:

	Annual caps		
	For the year ending 31 December		
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Dexin China Smart Community Solutions Services	3,110	3,260	3,430
Mr. Hu Smart Community Solutions Services	<u>2,930</u>	<u>3,070</u>	<u>3,280</u>
<b>Aggregate</b>	<b><u>6,040</u></b>	<b><u>6,330</u></b>	<b><u>6,710</u></b>

## III. THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### 1. The 2024 Master Dexin China Property Management and Related Services Agreement

#### *Principal Terms*

Parties	:	Shengquan Property, an indirect wholly-owned subsidiary of the Company (for itself and on behalf of its subsidiaries) and Dexin China (for itself and on behalf of its subsidiaries)
Date	:	15 December 2023
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)



- Service scope : Shengquan Property and its subsidiaries may, from time to time, provide property management and related services to Dexin China Group, including but not limited to (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) (a) house inspection services; (b) pre-delivery cleaning services; (c) pre-delivery preparation services; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services (such as cleaning and security services) for the properties developed and owned by Dexin China Group, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties.
- Basis for determining service fees : The service fees shall be determined on arm's length basis with reference to (i) the size, location and condition of the properties; (ii) the scope of services; (iii) the anticipated operation costs (including but not limited to labour costs, administration costs and costs of materials); and (iv) the service fees charged by Shengquan Property and its subsidiaries to Independent Third Parties in respect of comparable services. The service fees shall be charged mainly based on the total GFA of properties under our management and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.
- Condition precedent : The 2024 Master Dexin China Property Management and Related Services Agreement is conditional upon (i) the approval by the Independent Shareholders at the EGM; and (ii) the approval by the independent shareholders of Dexin China.

Other principal terms : The relevant parties shall enter into specific agreements pursuant to the 2024 Master Dexin China Property Management and Related Services Agreement in respect of each transaction regarding the provision of the Dexin China Property Management and Related Services. The individual Dexin China Property Management and Related Services agreements shall contain provisions, which are, in all material aspects, consistent with the 2024 Master Dexin China Property Management and Related Services Agreement.

***Historical Transaction Amounts***

The annual caps for each of the two years ended 31 December 2022 and the year ending 31 December 2023 and the historical transaction amounts for each of the two years ended 31 December 2022 and the ten months ended 31 October 2023 are set out below:

	For the year ended 31 December				For the year ending 31 December	For the ten months ended 31 October
	2021		2022		2023	2023
	Annual cap	Historical amount	Annual cap	Historical amount	Annual cap	Historical amount
	<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>
Service fees	93,600	91,900	99,200	93,200	108,400	51,700

***Proposed Annual Caps and Factors Taken into Account in Determining Annual Caps***

The maximum aggregate annual service fees to be charged for the Dexin China Property Management and Related Services for the years ending 31 December 2024, 2025 and 2026 shall not exceed the annual caps set out below:

	Proposed annual caps For the year ending 31 December		
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Service fees	58,400	49,500	40,340

The proposed annual caps for the provision of the Dexin China Property Management and Related Services for each of the three years ending 31 December 2026 have been determined with reference to:

- (1) the historical transaction amounts in relation to the Dexin China Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023;
- (2) the existing contracts under which Dexin China Group has engaged Shengquan Property and its subsidiaries to provide the Dexin China Property Management and Related Services;
- (3) the costs incurred by the Shengquan Property and its subsidiaries for the Dexin China Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023; and
- (4) the expected demand for the Dexin China Property Management and Related Services for the properties expected to be delivered by Shengquan Property and its subsidiaries to Dexin China Group for each of the three years ending 31 December 2026. It is expected that 15, 16 and 16 projects with an estimated aggregate GFA of approximately 1.98 million sq.m., 2.11 million sq.m. and 2.11 million sq.m. developed or owned by Dexin China Group will be managed by Shengquan Property and its subsidiaries for each of the three years ending 31 December 2026, respectively.

## **2. The 2024 Master Mr. Hu Property Management and Related Services Agreement**

### ***Principal Terms***

Parties	:	The Company (for itself and on behalf of its subsidiaries) and Mr. Hu (for and on behalf of Mr. Hu's Companies)
Date	:	15 December 2023
Term	:	From 1 January 2024 to 31 December 2026 (both days inclusive)

- Service scope : The Group may, from time to time, provide property management and related services to Mr. Hu's Companies, including but not limited to (i) preliminary planning and design consultancy services; (ii) management services for the sales offices and the display units; (iii) (a) house inspection services; (b) pre-delivery cleaning services; (c) pre-delivery preparation services; and (d) repair and maintenance services for house and auxiliary facilities after delivery; and (iv) property management services (such as cleaning and security services) for the properties developed and owned by Mr. Hu's Companies, including but not limited to the unsold residential property units, car parking lots, office buildings and commercial properties.
- Basis for determining service fees : The service fees shall be determined on arm's length basis with reference to (i) the size, location and condition of the properties; (ii) the scope of services; (iii) the anticipated operation costs (including but not limited to labour costs, administration costs and costs of materials); and (iv) the service fees charged by the Group from time-to-time for providing comparable services to Independent Third Parties. The service fees shall be charged mainly based on the total GFA of properties under our management and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.
- Condition precedent : The 2024 Master Mr. Hu Property Management and Related Services Agreement is conditional upon the approval by the Independent Shareholders at the EGM.

Other principal terms : The relevant parties shall enter into specific agreements pursuant to the 2024 Master Mr. Hu Property Management and Related Services Agreement in respect of each transaction regarding the provision of the Mr. Hu Property Management and Related Services. The individual Mr. Hu Property Management and Related Services agreements shall contain provisions, which are, in all material aspects, consistent with the 2024 Master Mr. Hu Property Management and Related Services Agreement.

***Historical Transaction Amounts***

The annual caps for each of the two years ended 31 December 2022 and the year ending 31 December 2023 and the historical transaction amounts for each of the two years ended 31 December 2022 and the ten months ended 31 October 2023 are set out below:

	For the year ended 31 December				For the year ending	For the ten months ended
	2021		2022		31 December	31 October
	Annual cap <i>RMB'000</i>	Historical amount <i>RMB'000</i>	Annual cap <i>RMB'000</i>	Historical amount <i>RMB'000</i>	2023 Annual cap <i>RMB'000</i>	2023 Historical amount <i>RMB'000</i>
Service fees	40,600	40,600	43,100	38,300	47,200	28,500

***Proposed Annual Caps and Factors Taken into Account in Determining Annual Caps***

The maximum aggregate annual service fees to be charged for the Mr. Hu Property Management and Related Services for the years ending 31 December 2024, 2025 and 2026 shall not exceed the annual caps set out below:

	Proposed annual caps For the year ending 31 December		
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Service fees	31,500	27,990	24,190

The proposed annual caps for the provision of the Mr. Hu Property Management and Related Services for each of the three years ending 31 December 2026 have been determined with reference to:

- (1) the historical transaction amounts in relation to the Mr. Hu Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023;
- (2) the existing contracts under which Mr. Hu's Companies has engaged the Group to provide the Mr. Hu Property Management and Related Services;
- (3) the costs incurred for the Mr. Hu Property Management and Related Services for the two years ended 31 December 2022 and the ten months ended 31 October 2023; and
- (4) the expected demand for the Mr. Hu Property Management and Related Services for the properties expected to be delivered by the Group to Mr. Hu's Companies for each of the three years ending 31 December 2026. It is expected that four, six and six projects with an estimated aggregate GFA of approximately 0.47 million sq.m., 0.66 million sq.m. and 0.66 million sq.m. developed or owned by Mr. Hu's Companies will be delivered and managed by our Group for the each of the three years ending 31 December 2026, respectively.

**3. Aggregated Proposed Annual Caps for the Provision of the Property Management and Related Services**

Since the Dexin China Property Management and Related Services and the Mr. Hu Property Management and Related Services are similar in nature, the annual caps applicable to the provision of the Property Management and Related Services should be aggregated pursuant to Rule 14A.81 of the Listing Rules.

The aggregated proposed annual cap amounts for the provision of the Property Management and Related Services for each of the three years ending 31 December 2026 are as follows:

	<b>Proposed annual caps</b>		
	<b>For the year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Dexin China Property Management and Related Services	58,400	49,500	40,340
Mr. Hu Property Management and Related Services	<u>31,500</u>	<u>27,990</u>	<u>24,190</u>
<b>Aggregate</b>	<b><u>89,900</u></b>	<b><u>77,490</u></b>	<b><u>64,530</u></b>

#### **IV. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS AND OPINION OF THE BOARD**

##### **A. Relationship with Dexin China Group and Mr. Hu's Companies**

As mentioned in the Prospectus, the Group has a long and close cooperation relationship with Dexin China Group and Mr. Hu's Companies, and the Group started its business in 2004 by providing property management services to properties developed by Dexin China Group. The Group also provided services (including both property management services and community value-added services) to Dexin China Group and Mr. Hu's Companies, and also to properties jointly developed by Dexin China Group. Dexin China Group and Mr. Hu's Companies continue to be significant contributors of revenue to the Group during the year ended 31 December 2022 and the year ending 31 December 2023.

Given the Group's long and close relationship with Dexin China Group and Mr. Hu's Companies, the Group is familiar with their specific requirements and expected deliverables. Considering the factors above, the Company believes that both Dexin China Group, Mr. Hu's Companies and the Group will benefit from the cooperation relationship.

##### **B. The Smart Community Solution Services**

The Group provides community solutions to property developers of both residential and non-residential properties by providing customised software that addresses their specific needs in property management. These customers include Dexin China Group and Mr. Hu's Companies. It also sells the hardware and equipment necessary for the software packages to function properly in the relevant properties under management. In addition, the Group also provides repair and maintenance services and charges relevant maintenance fees. The

Group is primarily responsible for designing the hardware and the equipment and procurement of raw materials, and we design, develop, test and upgrade or software and programs in smart community solutions.

The provision of smart community solutions is part of the Group's community value-added services that it offers to property owners and residents, and Dexin China Group and Mr. Hu's Companies have historically been purchasers of our smart community value-added services and contribute the Group's revenues in this business segment.

Taking into account also the factors described in "A. Relationship with Dexin China Group and Mr. Hu's Companies" above, the Company is of the view that entering into of the 2024 Master Dexin China Smart Community Solutions Services Agreement and the 2024 Master Mr. Hu Smart Community Solutions Services Agreement, which extends the pre-existing arrangements under the respective agreements in 2021, is fair and reasonable.

### **C. The Property Management and Related Services**

The provision of property management and related services is a core business of the Group. The Group has a long and close cooperation relationship with Dexin China Group and Mr. Hu's Companies, and it has historically provided property management services to properties developed by Dexin China Group, properties jointly developed by Dexin China Group and those by Mr. Hu's Companies. Dexin China Group and Mr. Hu's Companies made a significant revenue contribution to the Group's revenue derived from property management and related services historically.

Taking into account also the factors described in "A. Relationship with Dexin China Group and Mr. Hu's Companies" above, the Company is of the view that entering into of the 2024 Master Dexin China Property Management and Related Services Agreement and the 2024 Master Mr. Hu Property Management and Related Services Agreement, which extends the pre-existing arrangements under the respective agreements in 2021, is fair and reasonable.

In view of the reasons and benefits stated above, and also the terms of the individual 2024 Continuing Connected Transaction Agreements (including the basis for determining the service fees), the Directors (for the purpose of transactions in relation to the Smart Community Solution Services, excluding Mr. Hu and Dr. Wong but including the rest of the independent non-executive Directors; and for the purpose of transactions in relation to the Property Management and Related Services, excluding Mr. Hu, Dr. Wong and the rest of the independent non-executive Directors who will express their opinion in a separate letter to be included in the circular after taking into account the advice of the Independent Financial Adviser) are of the view that the 2024 Continuing Connected Transaction Agreements and the transactions contemplated



thereunder (including the proposed annual caps therefor) were negotiated on an arm's length basis, are on normal commercial terms or better and were entered into in the ordinary and usual course of business of the Group, and the relevant terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **V. PRICING POLICY FOR CONTINUING CONNECTED TRANSACTIONS**

As a general principle, the fees to be charged by the Group under the respective agreement of the 2024 Continuing Connected Transactions of the Group shall be determined on an arm's length basis in accordance with the prevailing market prices of similar services or products and on the following principles:

- (i) by reference to prevailing market price of at least two recent transactions in the market with same or substantially similar services with comparable service scope, service type and transaction volume;
- (ii) by reference to transacted prices of at least two recent transactions with same or substantially similar services with comparable service scope, service type and transaction volume conducted by the Group with other customers or suppliers who are Independent Third Parties;
- (iii) on normal commercial terms or better to the Group with reference to the transactions entered into between at least two Independent Third Parties and by Dexin China Group in respect of the same or substantially similar services with comparable service scope, service type and transaction volume; and

In order to ascertain the prevailing market price, the sales department of the Group and its designated personnel will, from time to time, make reference to the price quoted by at least two Independent Third Parties for the provision of the same or similar services with comparable scope or quantities and quality under normal commercial terms in the ordinary course of business of such Independent Third Parties. The sales department of the Group will then compare the market price with the fees under individual transactions pursuant to the respective 2024 Continuing Connected Transaction Agreements, and make evaluation and assessment to ensure that the price payable by or to be charged by Dexin China Group will be on normal commercial terms or better and on terms no less favourable to the Group than those available from Independent Third Parties.

## **VI. INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS**

To ensure that the transactions contemplated under the 2024 Continuing Connected Transaction Agreements of the Group will be on normal commercial terms or better and on terms no less favourable to the Group than those available from Independent Third Parties, the Group has adopted the following measures to review and assess whether the individual transactions will be conducted within the framework of the respective 2024 Continuing Connected Transaction Agreements and in accordance with the aforesaid pricing policy:

- (1) the relevant personnel of the business department and finance department will monitor the transactions monthly to ensure that the transaction amount does not exceed the annual caps of the respective 2024 Continuing Connected Transaction Agreements;
- (2) the implementation of individual contracts shall be subject to the appropriate approval of the relevant personnel of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the respective 2024 Continuing Connected Transaction Agreements, particularly that the service fees and payment terms are no less favorable than those available to the Group from Independent Third Parties or offered by the Group to Independent Third Parties;
- (3) the relevant personnel of the business department of the Group will conduct annual reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the service fees charged for a specific transaction is fair and reasonable and is in accordance with the Group's pricing policy;
- (4) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the respective 2024 Continuing Connected Transaction Agreements; and
- (5) the independent non-executive Directors shall review the management's review reports on the transactions contemplated under the respective 2024 Continuing Connected Transaction Agreements to ensure that such transactions are conducted on normal commercial terms or better and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **VII. GENERAL INFORMATION**

### **Mr. Hu**

Mr. Hu is one of controlling shareholders of the Company and the chairman of the Board, who has over 25 years of experience in the PRC real estate industry and property management. He is also the founder and the chairman of the board of directors of Dexin China.

### **Mr. Hu's Companies**

Mr. Hu's Companies are mainly engaged in property development and construction services in the PRC, including (i) Zhangzhou Jingfa, a company established in the PRC with limited liability, which is ultimately owned by Finance Bureau of Zhangzhou Taiwanese Investment Zone Management Committee\* (漳州台商投資區管委會財政局), State-owned Assets Supervision and Administration Commission of Zhangzhou People's Government, Fujian Provincial Finance Department\* (福建省財政廳), China Development Bank, Dexin China and Hu Yuegen (胡月根) as to 31.84%, 19.10%, 2.12%, 12.94%, 30.63% and 3.37% respectively; (ii) Quzhou Shande, a company established in the PRC with limited liability, which is ultimately owned by Dexin China, Hu Yuegen, Zheng Yonggang (鄭永剛) and Zhou Jiqing (周繼青) as to 45.95%, 5.05%, 24.99% and 24.01% respectively; and (iii) Sichuan Hanjing, a company established in the PRC with limited liability, which is ultimately owned by Guangxi Construction Engineering Group Co., Ltd.\* (廣西建工集團有限責任公司) (a state-owned enterprise), Dexin China, Wu Wanglou (吳王樓) and Wu Wangzheng (吳王政) as to 25.50%, 30.00%, 37.60% and 4.45% respectively, and the remaining 2.45% equity interest is ultimately controlled by 5 natural persons. Each of these 5 natural person shareholders has a shareholding less than 1.00%.

### **Dexin China**

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

### **The Company**

The Company is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services in the PRC.

### **Shengquan Property**

Shengquan Property is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of property management services.

## VIII. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Company is held as to 56.46% by Shengfu International, the controlling shareholder of the Company, which is in turn held as to 91.6% by Mr. Hu. Meanwhile, as Dexin China is held as to 64.56% by Mr. Hu, of which (i) 2.52% were beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 62.03% were beneficially held by Tak Shin International Limited, the controlling shareholder of Dexin China, which is in turn held as to 92% by Mr. Hu, therefore each of Dexin China and Mr. Hu's Companies is an associate of Mr. Hu and connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under each of the 2024 Continuing Connected Transaction Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the provision of the Smart Community Solutions Services exceed 0.1% but none of them exceeds 5%, therefore such transactions (with their annual caps aggregated) are subject to the reporting, annual review and announcement requirements but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the provision of the Property Management and Related Services exceed 5%, therefore such transactions (with their annual caps aggregated) are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) Mr. Hu is a Director, and holds directorship and/or senior management positions in Dexin China Group, and is the controlling shareholder of both the Company and Dexin China; and (ii) each of Mr. Hu's Companies is an associate of Mr. Hu. Therefore, Mr. Hu is required to abstain from voting and has abstained from voting on the relevant resolutions at the Board meeting. In addition, as Dr. Wong serves as an independent non-executive director in Dexin China, he is deemed or may be perceived to have a material interest in the 2024 Continuing Connected Transaction Agreements. Accordingly, he has voluntarily abstained from voting on the relevant resolutions passed by the Board to approve the 2024 Continuing Connected Transaction Agreements and the transactions contemplated thereunder (including the proposed annual caps therefor). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Hu and Dr. Wong, none of the Directors has any material interest under the 2024 Continuing Connected Transaction Agreements. Therefore, no other Director has abstained from voting on such Board resolutions.

## **IX. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising the independent non-executive Directors (namely Mr. Rui Meng and Mr. Yang Xi) has been formed, and will advise the Independent Shareholders in respect of the transactions contemplated under the Non-exempt Continuing Connected Transactions. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **X. THE EGM AND THE DESPATCH OF CIRCULAR**

The Company intends to put forward proposals at the EGM to seek the Independent Shareholders' approval for the Non-exempt Continuing Connected Transactions. As at the date of this announcement, Shengfu International is held as to 91.6% by Mr. Hu while Shengfu International and its associates hold and control the voting rights of 529,202,279 Shares, representing approximately 56.46% of the total issued share capital of the Company. Therefore, Mr. Hu and Shengfu International and their respective associates are deemed to have material interests in the Non-exempt Continuing Connected Transactions and they shall be required to abstain from voting on the resolutions at the EGM accordingly. The proposals will be passed by way of ordinary resolutions and voted by way of poll in accordance with the requirements of the Listing Rules.

A circular containing, among other things, (i) further details of the Non-exempt Continuing Connected Transactions, (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions, (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 5 January 2024.

## XI. DEFINITIONS

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

“2021 Continuing Connected Transaction Agreements”	collectively, (1) the 2021 Master Dexin China Smart Community Solutions Services Agreement; (2) the 2021 Master Mr. Hu Smart Community Solutions Services Agreement; (3) the 2021 Master Dexin China Property Management and Related Services Agreement; and (4) the 2021 Master Mr. Hu Property Management and Related Services Agreement
“2021 Master Dexin China Property Management and Related Services Agreement”	the framework agreement entered into between Shengquan Property and Dexin China on 3 May 2021 in relation to provision of property management and related services commencing from 15 July 2021 to 31 December 2023
“2021 Master Dexin China Smart Community Solutions Services Agreement”	the framework agreement entered into between the Company and Dexin China on 3 May 2021 in relation to provision of smart community solutions services commencing from 15 July 2021 to 31 December 2023
“2021 Master Mr. Hu Property Management and Related Services Agreement”	the framework agreement entered into between the Company and Mr. Hu on 23 June 2021 in relation to provision of property management and related services commencing from 15 July 2021 to 31 December 2023
“2021 Master Mr. Hu Smart Community Solutions Services Agreement”	the framework agreement entered into between the Company and Mr. Hu on 23 June 2021 in relation to provision of smart community solutions services commencing from 15 July 2021 to 31 December 2023
“2024 Continuing Connected Transactions”	the transactions contemplated under the 2024 Continuing Connected Transaction Agreements

“2024 Continuing Connected Transaction Agreements”	collectively, (1) the 2024 Master Dexin China Smart Community Solutions Services Agreement; (2) the 2024 Master Mr. Hu Smart Community Solutions Services Agreement; (3) the 2024 Master Dexin China Property Management and Related Services Agreement; and (4) the 2024 Master Mr. Hu Property Management and Related Services Agreement
“2024 Master Dexin China Property Management and Related Services Agreement”	the framework agreement entered into between Shengquan Property and Dexin China on 15 December 2023 in relation to provision of property management and related services commencing from 1 January 2024 and valid until 31 December 2026
“2024 Master Dexin China Smart Community Solutions Services Agreement”	the framework agreement entered into between the Company and Dexin China on 15 December 2023 in relation to provision of smart community solutions services commencing from 1 January 2024 and valid until 31 December 2026
“2024 Master Mr. Hu Property Management and Related Services Agreement”	the framework agreement entered into between the Company and Mr. Hu on 15 December 2023 in relation to provision of property management and related services commencing from 1 January 2024 and valid until 31 December 2026
“2024 Master Mr. Hu Smart Community Solutions Services Agreement”	the framework agreement entered into between the Company and Mr. Hu on 15 December 2023 in relation to provision of smart community solutions services commencing from 1 January 2024 and valid until 31 December 2026
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Dexin Services Group Limited (德信服务集团有限公司), 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: 2215)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules



“controlling shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“Dexin China”	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)
“Dexin China Group”	Dexin China and its subsidiaries
“Dexin China Property Management and Related Services”	property management and related services provided by Shengquan Property and its subsidiaries to Dexin China Group under the 2021 Master Dexin China Property Management and Related Services Agreement, which is expected to continue under the 2024 Master Dexin China Property Management and Related Services Agreement
“Dexin China Smart Community Solutions Services”	smart community solutions services provided by the Group to Dexin China Group under the 2021 Master Dexin China Smart Community Solutions Services Agreement, which is expected to continue under the 2024 Master Dexin China Smart Community Solutions Services Agreement
“Director(s)”	the director(s) of the Company
“Dr. Wong”	Dr. Wong Wing Kuen Albert (王永權), an independent non-executive Director and an independent non-executive director of Dexin China
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve by the Independent Shareholders, among other things, the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder
“GFA”	Gross Floor Area
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China



“Independent Board Committee”	a committee of the Board comprising the independent non-executive Directors (namely Mr. Rui Meng and Mr. Yang Xi)
“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions
“Independent Shareholder(s)”	the Shareholder(s) other than those who are required by the Listing Rules to abstain from voting at the EGM on the resolutions to approve the transactions contemplated under the Non-exempt Continuing Connected Transaction Agreements
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hu”	Mr. Hu Yiping (胡一平), an executive Director and one of the controlling shareholders
“Mr. Hu’s Companies”	the associates of Mr. Hu (excluding the Group, Dexin China Group but including the associates of Dexin China)
“Mr. Hu Smart Community Solutions Services”	smart community solutions services provided by the Group to Mr. Hu’s Companies under the 2021 Master Mr. Hu Smart Community Solutions Services Agreement, which is expected to continue under the 2024 Master Mr. Hu Smart Community Solutions Services Agreement
“Mr. Hu Property Management and Related Services”	property management and related services provided by the Group to Mr. Hu’s Companies under the 2021 Master Mr. Hu Property Management and Related Services Agreement, which is expected to continue under the 2024 Master Mr. Hu Property Management and Related Services Agreement

“Non-exempt Continuing Connected Transactions”	the transactions contemplated under the 2024 Master Dexin China Property Management and Related Services Agreement and the 2024 Master Mr. Hu Property Management and Related Services Agreement
“percentage ratio”	has the meaning ascribed to this term under the Listing Rules
“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
“Property Management and Related Services”	(i) Dexin China Property Management and Related Services, together with (ii) Mr. Hu Property Management and Related Services
“Prospectus”	the prospectus of the Company dated 29 June 2021
“Quzhou Shande”	Quzhou Shande Real Estate Development Co. Ltd.* (衢州市杉德房地產開發有限公司), a company established under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company, which are to be traded in Hong Kong dollars and listed on the Main Board
“Shareholder(s)”	holder(s) of the Share(s)
“Shengfu International”	Shengfu International Limited (盛富國際有限公司), a company incorporated in the BVI with limited liability and one of the controlling shareholders of the Company
“Shengquan Property”	Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (formerly known as Shengquan Property Services 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 and an indirect wholly-owned subsidiary of the Company
“Sichuan Hanjing”	Sichuan Hanjing Real Estate Co. Ltd.* (四川翰景置業有限公司), a company established under the laws of the PRC with limited liability

“Smart Community Solutions Services”	(i) Dexin China Smart Community Solutions Services, together with (ii) Mr. Hu Smart Community Solution Services
“sq.m.”	squared metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhangzhou Jingfa”	Zhangzhou Jingfa Wanjia Real Estate Co. Ltd.* (漳州市經發萬家房地產有限公司), a company established under the laws of the PRC with limited liability
“%”	per cent.

By order of the Board  
**Dexin Services Group Limited**  
**Hu Yiping**  
*Chairman*

Hangzhou, the PRC, 15 December 2023

*As at the date of this announcement, the Board comprises Mr. Hu Yiping, Mr. Tang Junjie and Ms. Zheng Peng as executive Directors; and Dr. Wong Wing Kuen Albert, Mr. Rui Meng and Mr. Yang Xi as independent non-executive Directors.*

\* *for identification purposes only*