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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT 2023

Reference is made to the published annual report of Dexin Services Group Limited (the “**Company**”) for the year ended 31 December 2023 (the “**Annual Report 2023**”). Unless otherwise defined, terms used herein shall bear the same meanings as those defined in the Annual Report 2023.

The Company wishes to provide the following further information:

Reasons for and Benefits of the Loan

In 2022, the local and global economies have been volatile, the number of newly completed flats in the PRC has shown a decreasing trend, the property development industry in the PRC has faced substantial uncertainties, and interest rates in the PRC have been decreasing. In this uncertain macroeconomic environment, the Group has been taking a prudent approach in respect of investment opportunities for its business expansion. As of 30 June 2022, the Group had cash and cash equivalents of approximately RMB826.6 million, which the Directors confirmed to far exceed its immediate need for their use of cash. The Board considered that by entering into the Loan Agreement, the Group could produce extra income with its idle cash with potentially higher returns than other available options, such as bank deposits or wealth management products.

Hangzhou Ruiyang was a business partner of the Company, and an Independent Third Party. Hangzhou Ruiyang has approached the Group to request for financial support for its operation and has expressed its willingness with the Group to cooperate in certain commercial real estate projects. After the Board has evaluated the ability of Hangzhou Ruiyang to repay the loan, and also the availability of the Charged Assets and their value as reported by the Property Valuer, it concluded that the financial and credit risks of

Hangzhou Ruiyang to default in their loan repayment obligations were likely to be low and manageable. The Group may also be able to derive additional business cooperation opportunities with Hangzhou Ruiyang.

The Board also considered that the Loan is collateralised by the Charged Assets that had an appraised value of approximately RMB630 million as confirmed by the Property Valuer.

The Lender used the Company's unutilised Net Proceeds from 2021 to provide the Loan to the Borrower. The Company ensured that the Group had sufficient operating cash flow and that the value of the Charged Assets exceeded the outstanding principal amount of the Loan at least on a half year basis, and had the right under the Loan Agreement to request the Borrower to include additional assets as Charged Assets to ensure that the Group's funds were fully secured.

After taking into account (a) the Group's strong cash position with cash and cash equivalents of approximately RMB826.6 million at 30 June 2022, as disclosed in the annual report of the Company for the 12 months ended 31 December 2022; (b) the expected financial position, financial performance and working capital of the Group for the next 12 months after provision of the Loan; (c) that the Loan is secured by the Charged Assets with an appraised market value of approximately RMB630 million; and (d) the measures taken by the Company to ensure its sufficiency of working capital, the Directors were of the view that the Company would have sufficient working capital for the next twelve months after provision of the Loan.

Having considered the above, the Board was of the view that the terms of the Loan Agreement were arrived at after arm's length negotiations between the Lender and the Borrower, which were on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Business Strategies in Granting the Loan

In granting the Loan, the Board believed that it could not only derive additional interest income to the Group, but also strengthen the business relationship between the Group and the Borrower, which in turn could bring more business resources to the Group.

The primary consideration relating to the granting of the loan was the interests gained from the provision of the Loan would be higher than holding idle cash as deposits in banks or other financial institutions. In addition, the Board also considered that the Loan is collateralised by the Charged Assets that had an appraised value of approximately RMB630 million, which was nearly twice the principal amount under the Loan.

Besides, the Board believed with the provision of the Loan, goodwill could be established between the Group and the Borrower. The Borrower and Hangzhou Junde, an indirect wholly-owned subsidiary of the Company, entered into a procurement agreement on 10 May 2022 pursuant to which the Borrower would provide comfort home living product to the Group from May 2022 to May 2024. The Company believed that the Loan would solidify such business relationship between the Group and the Borrower. It is expected that with the previously existing cooperation together with the financial relationship between the Group and the Borrower, the Group would be able to identify more potential customers, and efficiently allocate and match resources to better serve its existing or new customers. After conducting the risk assessment on the Borrower, the Group is confident that the granting of the Loan is in line with the Group's business strategies to maximize shareholders value.

As at 31 December 2023, no significant impairment or write-offs were provided for receivables in respect of loans.

Qualified Opinion

As disclosed in the Annual Report 2023, the Company has an unsettled trade and other receivable due from Dexin China as at 31 December 2023 of approximately RMB79,687,000 and RMB1,362,000. The Company has continuously monitoring the account receivables due from Dexin China Group and it had gradually recovered the outstanding trade receivables from Dexin China Group. Based on the current status of the recoverability of the outstanding trade receivables, it is expected that the Company and the auditors of the Company (the "Auditors") may have to make impairment against part of the trade receivables of which the recoverability are remote, subject to the opinion of the audit committee of the Board and the status of the recoverability of the outstanding trade receivables for the year ending 31 December 2024.

DEFINITIONS

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

"Board"	the board of Directors
"Borrower" or "Hangzhou Ruiyang"	Hangzhou Ruiyang Supply Chain Management Co., Ltd.* (杭州瑞揚供應鏈管理有限公司), a business partner of the Company, and an Independent Third Party
"Charged Assets"	car parking spaces with an aggregated appraised value of approximately RMB630 million to be charged by the Borrower in favour of the Lender pursuant to the Loan Agreement as security for the Loan

“Global Offering”	the Hong Kong Public Offering and the International Offering as defined in the prospectus of the Company dated 29 June 2021
“Group”	the Company together with its subsidiaries from time to time
“Hangzhou Junde”	Hangzhou Junde Commercial Operations Management Co., Ltd. (杭州駿德商業運營管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party which is independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Lender” or “Shanghai Xuquan”	Shanghai Xuquan Trading Co., Ltd.* (上海栩全商貿有限公司), an indirect wholly-owned subsidiary of the Company
“Loan”	the loan in the principal amount of up to RMB315 million to be advanced by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 16 December 2022 entered into between the Lender and the Borrower in relation to the Loan
“Net Proceeds”	the net proceeds from the Global Offering (inclusive of the proceeds received from the partial exercise of the over-allotment option thereunder) which amounted to HK\$763.5 million in the aggregate
“Property Valuer”	AVISTA Valuation Advisory Limited, acting as the independent valuer providing appraisal services on the Charged Asset
“RMB”	Renminbi, the lawful currency of the PRC

* *for identification purposes only*

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

Hangzhou, the PRC, 14 January 2025

As of 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.