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DESUN 德商产投服务
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Desun Real Estate Investment Services Group Co., Ltd.
德商產投服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2270)

VOLUNTARY ANNOUNCEMENT
ENTERING INTO THE MEMORANDUM

This announcement is made by Desun Real Estate Investment Services Group Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") on a voluntary basis.

ENTERING INTO THE MEMORANDUM

The board (the "**Board**") of directors (the "**Director(s)**") of the Company hereby announces that on 4 September 2024 (after trading hours), Chengdu Dexin Shangyu Property Management Co., Ltd.* (成都德新尚裕物業管理有限公司) ("**Dexin Shangyu**"), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the "**Memorandum**") with Chengdu Shudu Yintai Real Estate Co., Ltd.* (成都蜀都銀泰置業有限責任公司) ("**Shudu Yintai**"), Shanghai Kesheng Corporate Management Partnership (LLP)* (上海恪昇企業管理合夥企業(有限合夥)) ("**Shanghai Kesheng**") and Chengdu Shudu Wanze Real Estate Co., Ltd.* (成都蜀都萬澤置業有限責任公司) ("**Shudu Wanze**"). Pursuant to the Memorandum, as the consideration payment terms for the Capital Increase and Cooperation Agreement (as defined below) requiring further negotiation, Dexin Shangyu agrees to pay RMB4 million to Shudu Yintai as earnest money (the "**Earnest Money**") by 4 September 2024 to demonstrate Dexin Shangyu's active engagement and sincerity in negotiations. The Earnest Money will be automatically converted into the transaction payment once the parties to the Memorandum reach an agreement on the payment terms to Shudu Yintai and sign a formal agreement, with any excess refunded or shortfall made up. Shudu Yintai agrees to return the full Earnest Money to Dexin Shangyu in one lump sum within three days, if the parties to the Memorandum have not reached an agreement on the payment terms to Shudu Yintai by 31 December 2024.

BACKGROUND

On 22 August 2023, Dexin Shangyu entered into a cooperation agreement for capital increase and share expansion (the "**Capital Increase and Cooperation Agreement**") with Shudu Yintai and Shudu Wanze, pursuant to which, Dexin Shangyu agreed to subscribe by way of cash for the registered capital of Shudu Wanze of RMB5,200,000, representing approximately 51% equity interest in the enlarged registered capital of Shudu Wanze (the "**First Subscription**"). After the First Subscription, Shudu Wanze became an indirect non-wholly owned subsidiary of the Company. As all applicable percentage ratios (as defined in The Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) in respect of the First Subscription were less than 5%, and Shudu Wanze was not a material subsidiary of the Company at that time, the First Subscription did not constitute a notifiable transaction and connected transaction of the Company. Pursuant to the Capital Increase and Cooperation Agreement, Dexin Shangyu and Shudu Yintai confirmed that the valuation of the approximately 51% of equity interest in Shudu Wanze will be within the range of RMB10 million to RMB15 million, with the exact amount to be determined based on Dexin Shangyu's assessment of Shudu Wanze's actual operating conditions after entering the market. Dexin Shangyu and Shudu Yintai will then jointly agree on the exact amount, the payment (the "**Relevant Payment**") of which will be made to Shudu Yintai in cash or by transferring Dexin Shangyu's dividends of a certain amount from Shudu Wanze.

In September 2023, Dexin Shangyu, Shudu Yintai, Shanghai Kesheng and Shudu Wanze entered into the second cooperation agreement for capital increase and share expansion, pursuant to which, Dexin Shangyu and Shanghai Kesheng agreed to subscribe by way of cash for the registered capital of Shudu Wanze of RMB5,200,000 and RMB5,000,000, respectively (the "**Second Subscription**"). After the Second Subscription and as at the date of this announcement, Dexin Shangyu, Shudu Yintai and Shanghai Kesheng hold approximately 51%, approximately 24.5%, and approximately 24.5% of the equity interest in the enlarged registered capital of Shudu Wanze, respectively. As at the date of this announcement, Dexin Shangyu has paid up the registered capital of Shudu Wanze in the amount of RMB500,000. As all applicable percentage ratios (as defined in the Listing Rules) in respect of the Second Subscription were less than 5%, and Shudu Wanze was not a material subsidiary of the Company at that time, the Second Subscription did not constitute a notifiable transaction and connected transaction of the Company.

Shudu Wanze originally held 35% equity interest in Chengdu Shudu Savills Property Service Co., Ltd.* (成都蜀都第一太平戴維斯物業服務有限責任公司) ("**Shudu Savills**"). On 6 December 2023, Shudu Wanzhe, in accordance with an equity transfer contract (the "**Equity Transfer Contract**") dated 18 November 2021 entered into with Savills Property Services (Chengdu) Limited* (第一太平戴維斯物業顧問(成都)有限公司) ("**Savills Property Services**"), acquired 35% equity interest in Shudu Savills held by Savills Property Services at a consideration of RMB350,000 and completed the business registration for the said equity transfer. Upon completion of the aforesaid equity transfer, Shudu Wanzhe and Savills Property Services directly held 70% and 30% equity interests in Shudu Savills, respectively and Shudu Savills became a non-wholly owned subsidiary of the Company. The Equity Transfer Contract was signed before Shudu Wanzhe became a subsidiary of the Company.

Pursuant to the relevant agreement, upon Shudu Wanze's shareholding in Shudu Savills reaching 70% or more, Dexin Shangyu and Shudu Yintai shall enter into a separate contract to establish the payment terms (the "**Payment Terms to Shudu Yintai**") of the Relevant Payment. Since the payment conditions for the Payment Terms to Shudu Yintai have been fulfilled, Dexin Shangyu and Shudu Yintai have commenced negotiations regarding the payment of the Relevant Payment and signed the Memorandum as at the date of this announcement. As at the date of this announcement, as Shudu Wanzhe is a material subsidiary of the Company and Shudu Yintai held approximately 24.5% interests in Shudu Wanzhe, Shudu Yintai therefore constitutes a connected person of the Company at the subsidiary level. As all the applicable percentage ratios for the Earnest Money are less than 1%, the payment of the Earnest Money constitutes a connected transaction of the Company which is fully exempted under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

The Group

The Group is an integrated property management services and commercial operational services provider, providing property management services and commercial operational services for mid- to high-end residential properties and commercial properties.

Dexin Shangyu

Dexin Shangyu is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. Dexin Shangyu is principally engaged in, among others, property management.

Shudu Yintai

Shudu Yintai is a company incorporated in the PRC with limited liability. Shudu Yintai is principally engaged in, among others, commercial housing development and operation, property decoration and property management. As at the date of this announcement, Shudu Yintai is wholly-owned by Chengdu Shudu Jiatai Real Estate Co. Ltd.* (成都蜀都嘉泰置業有限責任公司) ("**Shudu Jiatai**"). Shudu Jiatai is owned as to 91.60% by Jiangsu Zanhua Business Management Co., Ltd.* (江蘇贊華商業管理有限公司) ("**Jiangsu Zanhua**") and 8.40% by Chengdu Shudu Real Estate Development Co. Ltd.* (成都蜀都房地產開發有限責任公司). Jiangsu Zanhua is owned as to approximately 51.0552%, approximately 24.9640% and approximately 23.9808% by Li Youzhen (李友珍), Jiangsu Zanhua Holding Group Co., Ltd.* (江蘇贊華控股集團有限公司) and Shudu Yintai, respectively. Jiangsu Zanhua Holding Group Co., Ltd.* (江蘇贊華控股集團有限公司) is indirectly owned as to 70% by Zhang Yaoming (張耀明).

Shanghai Kesheng

Shanghai Kesheng is a limited partnership established under the laws of the PRC, and its executive partner is Cai Jiandong (蔡建東), whose proportion of capital contribution is 95%. Shanghai Kesheng is principally engaged in, among others, enterprise management consulting, information consulting and financing consulting. To the best knowledge, information and belief of the Directors, having made all reasonable enquires, as at the date of this announcement, Shanghai Kesheng and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Shudu Wanze

Shudu Wanze is a company incorporated in the PRC with limited liability. As at the date of this announcement, Shudu Wanze is an indirect non-wholly owned subsidiary of the Company and owned as to approximately 51%, approximately 24.5% and approximately 24.5% by Dexin Shangyu, Shudu Yintai and Shanghai Kesheng, respectively. Shudu Wanze is principally engaged in, among others, property management. Shudu Wanze acquired 30% equity interest in Shudu Savills from Savills Property Services in July 2024 (constituted a fully-exempt connected transaction of the Company). As at the date of this announcement, Shudu Wanze holds 100% equity interest in Shudu Savills.

Further announcement(s) will be made by the Company in accordance with the requirements of the Listing Rules as and when appropriate in relation to the developments on the Memorandum and the matters contemplated thereunder.

By order of the Board
Desun Real Estate Investment Services Group Co., Ltd.
Zhang Zhicheng
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 4 September 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Zhicheng, Mr. Yang Wen, Ms. Wan Hong, Mr. Liu Jun and Mr. Shao Jiazhen, the non-executive Director is Mr. Zou Kang, and the independent non-executive Directors are Mr. Fang Liqiang, Mr. Chen Di and Mr. Yan Hong.

* *For identification purpose only*