THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Desun Real Estate Investment Services Group Co., Ltd.**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

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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)

(1) CONTINUING CONNECTED TRANSACTION AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

SOMERLEY CAPITAL LIMITED

Capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders with respect to the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder is set out on pages 15 to 16 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders with respect to the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder is set out on pages 17 to 32 of this circular.

A notice convening the EGM to be held at the Conference Room, 18th Floor, Block A, Desun International, No. 1480, North Section of Tianfu Avenue, High-tech Industrial Development Zone, Chengdu, the PRC on Thursday, 19 December 2024 at 10:00 a.m. is set out on pages 40 to 42 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy published on the websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.desunhui.com) in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the EGM (i.e. before 10:00 a.m. on Tuesday, 17 December 2024) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

29 November 2024

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the followings meanings:

"Announcement"	the announcement of the Company dated 31 October 2024
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee under the Board
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company"	Desun Real Estate Investment Services Group Co., Ltd. (德商產投服務集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2270)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning given to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened at the Conference Room, 18th Floor, Block A, Desun International, No. 1480, North Section of Tianfu Avenue, High-tech Industrial Development Zone, Chengdu, the PRC on Thursday, 19 December 2024 at 10:00 a.m. or any adjournment thereof, and the notice of which is set out in this circular
"Entrusted Construction and Value-added Services Framework Agreement"	the framework agreement entered into on 19 July 2024 in relation to the entrusted construction services and value-added services among Mr. Zou Kang, Ms. Zou Jian and the Company
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	the independent committee of the Board, comprising all independent non-executive Directors, namely Mr. Fang Liqiang, Mr. Chen Di and Mr. Yan Hong, to advise the Independent Shareholders in respect of the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder
"Independent Financial Adviser" or "Somerley"	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder
"Independent Shareholder(s)"	Shareholders other than Mr. Zou Kang, Ms. Zou Jian, Sky Donna, Pengna Holding and other Shareholders who are required under the Listing Rules to abstain from voting at the EGM for the resolution(s) approving the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder
"Independent Third Party(ies)"	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
"Latest Practicable Date"	28 November 2024, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"New Entrusted Construction and Value-added Services Framework Agreement"	the framework agreement entered into on 31 October 2024 in relation to the entrusted construction services and value-added services among Mr. Zou Kang, Ms. Zou Jian and the Company
"normal commercial terms or better"	has the meaning ascribed to it under the Listing Rules
"Pengna Holding"	Pengna Holding Limited, a company incorporated in the BVI with limited liability, which is wholly owned by Ms. Zou Jian, and is one of the controlling shareholders of the Company
"Prospectus"	the prospectus of the Company dated 30 November 2021

"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	share(s) of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Sky Donna"	Sky Donna Holding Limited, a company incorporated in the BVI with limited liability, which is wholly owned by Mr. Zou Kang, and is one of the controlling shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Ultimate Controlling Shareholders"	collectively Mr. Zou Kang and Ms. Zou Jian
"Ultimate Controlling Shareholders' Associated Companies"	companies in which Mr. Zou Kang and/or Ms. Zou Jian can exercise or control the exercise of 30% or more of the voting power at their general meetings or are in a position to control the composition of a majority of the board of directors and their subsidiaries
"%"	per cent

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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)

Executive Directors:
Mr. Zhang Zhicheng
(*Chairman and Chief Executive Officer*)
Ms. Wan Hong
Mr. Liu Jun
Mr. Shao Jiazhen
Ms. Zhu Na

Non-executive Director:
Mr. Zou Kang

Independent Non-executive Directors:
Mr. Fang Liqiang
Mr. Chen Di
Mr. Yan Hong

Registered office:
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

Head office and principal place of business in the PRC:
Room 1803, Block A
Desun International
No. 1480 North Section of Tianfu Avenue High-tech
Industrial Development Zone
Chengdu
China

Principal place of business in Hong Kong:
31/F., Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

29 November 2024

To the Shareholders,

Dear Sir or Madam,

(1) CONTINUING CONNECTED TRANSACTION AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further information relating to the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders relating to the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder; (iv) other information as required under the Listing Rules; and (v) the notice of EGM, to enable you to make an informed decision on whether to vote for or against the resolution(s) to be proposed at the EGM.

2. CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NEW ENTRUSTED CONSTRUCTION AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 19 July 2024 in relation to the Entrusted Construction and Value-added Services Framework Agreement entered into between the Company and the Ultimate Controlling Shareholders. Having considered that the Entrusted Construction and Value-added Services Framework Agreement will expire on 31 December 2024, the Company entered into the New Entrusted Construction and Value-added Services Framework Agreement with the Ultimate Controlling Shareholders on 31 October 2024 to renew these continuing connected transactions, pursuant to which the Company agreed to provide the entrusted construction and related services and other value-added services to the Ultimate Controlling Shareholders' Associated Companies. The New Entrusted Construction and Value-added Services Framework Agreement will be valid for two years commencing from 1 January 2025 to 31 December 2026, subject to the Independent Shareholders' approval at the EGM.

Pursuant to the New Entrusted Construction and Value-added Services Framework Agreement, the services of which the Group may provide to the Ultimate Controlling Shareholders' Associated Companies are as follows:

- ***Entrusted construction services:*** the services provided to the Ultimate Controlling Shareholders' Associated Companies related to real estate entrusted constructions, including but not limited to various professional services for the entrustment of the entire process of real estate project development and construction, planning and sales, etc.

- ***Operation and management services for entrusted constructions business:*** all services provided to the Ultimate Controlling Shareholders' Associated Companies aiming to improve operational efficiency, reduce operating costs and increase business profits, including but not limited to various professional operation and management services for the entrustment of the entire process of real estate project development and construction, planning and sales.

- ***Other value-added services:*** other value-added services provided to the Ultimate Controlling Shareholders' Associated Companies in relation to entrusted constructions, including but not limited to brand licensing, etc.

(a) Pricing

The prices of provision of services charged by the Group shall be determined on the basis of arm's length negotiations between the relevant parties or through public tender process (as the case may be), taking into account:

- ***In respect of entrusted construction services and operation and management services for entrusted constructions business:*** (i) the types and locations of the entrusted construction projects; (ii) the scope and quality of the services. The quality of the entrusted construction services and operation and management services for entrusted constructions encompasses various aspects, such as meeting project milestones, achieving cost control targets, fulfilling marketing objectives, managing risks and enhancing customer experience. Customers' differing quality requirements necessitate varying degrees of cost inputs from the Group in terms of operation management, cost procurement and marketing personnel, which in turn influences the pricing; (iii) the estimated costs and expenses (including but not limited to labour, consumables, management fees and administrative expenses (by taking into account factors such as the number of staff members required, the specific skills or qualifications needed, the applicable minimum wage in the region)); and (iv) the target profit margins (with reference to future profitability after taking into consideration the increase in labour costs in the foreseeable future), etc.

- ***In respect of other value-added services:*** (i) the nature and location of other value-added services; (ii) the brand, scale and location of other value-added services; (iii) GFA of other value-added services; and (iv) the operation costs, such as cost of raw materials, labour and administration expenses (by taking into account factors such as the number of staff members required, the specific skills or qualifications needed and the applicable minimum wage in the region), etc.

In the event that the Company provides similar services intended to be provided under the New Entrusted Construction and Value-added Services Framework Agreement to Independent Third Parties in the future, the prices charged to the Ultimate Controlling Shareholders' Associated Companies will align with the prevailing market price and no less favorable than those charged to Independent Third Parties for the same period.

(b) Historical annual cap and historical transaction amounts

The historical annual cap for the entrusted construction and related services and other value-added services provided/to be provided by the Group to the Ultimate Controlling Shareholders' Associated Companies under the Entrusted Construction and Value-added Services Framework Agreement from 19 July 2024 to 31 December 2024 is RMB16,900,000.

The actual amounts of the fees paid by the Ultimate Controlling Shareholders' Associated Companies to the Group under the Entrusted Construction and Value-added Services Framework Agreement from 19 July 2024 to 30 September 2024 amounted to RMB1,150,887.69, which were entirely derived from the entrusted construction services and operation and management services for entrusted constructions business. During the period from 19 July 2024 to 30 September 2024, the utilization rate was relatively low, with historical transaction amounts totaling RMB1,150,887.69 against the proposed annual cap of RMB16,900,000, mainly because the Group expects to recognize a significant portion of fees amounting to approximately RMB8,000,000 under one of the project contracts by the end of 2024. Such project contract involves an Ultimate Controlling Shareholders' Associated Company engaging the Group to provide entrusted management and other services for certain residential development projects in 2024 (the "**2024 Projects**"). According to the terms of the contract for the 2024 Projects, the service fees contemplated thereunder shall be settled in one lump sum at the end of the contract period. As at the Latest Practicable Date, the Board confirms that the Company's historical transaction amounts under the Entrusted Construction and Value-added Services Framework Agreement have not exceeded the historical annual cap.

(c) Proposed annual caps and basis of determination for each of the two years ending 31 December 2025 and 2026

	Proposed annual cap for the year ending 31 December 2025 *(RMB'000)*	**Proposed annual cap for the year ending 31 December 2026** *(RMB'000)*
The aggregate amounts of the fees payable by the Ultimate Controlling Shareholders' Associated Companies to the Group	50,000	50,000

The above annual caps of the fees payable by the Ultimate Controlling Shareholders' Associated Companies to the Group for the two years ending 31 December 2025 and 2026 were determined with reference to:

- ***In respect of entrusted construction services and operation and management services for entrusted constructions business:*** it is estimated that the aggregate amounts of the fees payable by the Ultimate Controlling Shareholders' Associated Companies to the Group in respect of the entrusted construction services and operation and management services for entrusted constructions business for the years of 2025 and 2026 will be no more than RMB35,000,000 and RMB30,000,000, respectively. In arriving the aforementioned estimations, the Company has considered (i) the historical transaction amounts for the entrusted construction services and operation and management services for entrusted construction business from 19 July 2024 to 30 September 2024 and the estimated transaction amounts for the entrusted construction services and operation and management services for entrusted construction business from 19 July 2024 to 31 December 2024; (ii) the estimated costs and expenses (including but not limited to labour, consumables, management fees and administrative expenses (by taking into account factors such as the number of staff members required, the specific skills or qualifications needed, the applicable minimum wage in the region)); (iii) the status of the projects for which the Group has been engaged by the Ultimate Controlling Shareholders' Associated Companies for the provision of entrusted construction services and operation and management services for entrusted constructions business under the existing contracts. Payments of fees for services contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are structured based on project milestones. Based on the progress of the existing projects, it is estimated that the transaction amount payable by the Ultimate Controlling Shareholders' Associated Companies for entrusted construction services and operation and management services for entrusted constructions business in 2025 will be approximately RMB8,000,000. As the existing projects approach completion, the estimated transaction amount for these services in 2026 is expected to be approximately RMB4,000,000; and (iv) future potential new commissioned projects from the Ultimate Controlling Shareholders' Associated Companies. The Group expects to secure a number of new commissioned projects from the Ultimate Controlling Shareholders' Associated Companies based on the development plans of the Ultimate Controlling Shareholders' Associated Companies. Accordingly, as for the expected new projects, it is estimated that the transaction amount payable by the Ultimate Controlling Shareholders' Associated Companies for entrusted construction services and operation and management services for entrusted constructions business in 2025 and 2026 will be approximately RMB27,000,000 and RMB26,000,000, respectively.

- ***In respect of other value-added services:*** it is estimated that the aggregate amounts of the fees payable by the Ultimate Controlling Shareholders' Associated Companies to the Group in respect of other value-added services for the years of 2025 and 2026 will be no more than RMB15,000,000 and RMB20,000,000, respectively. In arriving the aforementioned estimations, the Company has considered (i) the historical transaction amounts for other value-added services from 19 July 2024 to 30 September 2024 and the estimated transaction amounts for other value-added services from 19 July 2024 to 31 December 2024; (ii) the operation costs, such as cost of raw materials, labour and administration expenses (by taking into account factors such as the number of staff members required, the specific skills or qualifications needed and the applicable minimum wage in the region), etc.; (iii) the status of the projects for which the Group has been engaged by the Ultimate Controlling Shareholders' Associated Companies for the provision of other value-added services under the existing contracts; and (iv) future potential new commissioned projects from the Ultimate Controlling Shareholders' Associated Companies. Based on the development plans of the Ultimate Controlling Shareholders' Associated Companies, regarding the abovementioned anticipated new projects, it is expected that the transaction amount payable by the Ultimate Controlling Shareholders' Associated Companies for other value-added services for the year of 2025 and 2026 will be approximately RMB15,000,000 and RMB20,000,000, respectively.

(d) Internal control

In order to ensure that the terms under the New Entrusted Construction and Value-added Services Framework Agreement for the continuing connected transactions contemplated thereunder are fair and reasonable and on normal commercial terms or better, the Company has adopted the following internal control procedures:

- the Company has adopted and implemented a management system on connected transactions. Under such system, the Audit Committee is responsible for conducting reviews on compliance with relevant laws and regulations, the Company's policies and the Listing Rules in respect of the connected transactions. In addition, the Audit Committee, the Board and other internal departments of the Company (including but not limited to the finance department and the compliance and legal department) are jointly responsible for evaluating the terms under the framework agreements for connected transactions, in particular, with respect to the fairness of the pricing policies and annual caps under each agreement;

- the Audit Committee, the Board and other internal departments of the Company also regularly monitor the fulfilment status and the transaction updates under the New Entrusted Construction and Value-added Services Framework Agreement, conducting review every six months, at least twice a year. In addition, the management of the Company also regularly reviews the pricing policies of the New Entrusted Construction and Value-added Services Framework Agreement. The finance department of the Company will compile quarterly statistic on the amount of connected transactions in relation to the New Entrusted Construction and Value-added Services Framework Agreement that have occurred to ensure that the transaction amounts do not exceed the annual cap. The finance department of the Company will be responsible for regular monitoring of the continuing connected transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement to ensure that the annual cap will not be exceeded, in particular, the Group will cease to enter into any new subsidiary agreement if such will cause the total contractual income exceed the annual cap;

- prior to entering into any separate subsidiary agreements, the personnel of various departments including the legal department, the finance department and the operation department of the Company will review and assess the specific terms and conditions of the transactions to ensure their consistency with the New Entrusted Construction and Value-added Services Framework Agreement. During such internal review process, the relevant personnel will examine, among others, (a) information of the parties; (b) the terms of the agreement; (c) the type and scope of services to be provided by the Group thereunder; and (d) whether the contract price is in line with the pricing policy, in order to ensure comment (if any) from various departments of the Group will be properly addressed;

- the independent non-executive Directors and auditors of the Company will conduct annual reviews of the continuing connected transactions under the New Entrusted Construction and Value-added Services Framework Agreement and provide annual confirmation to ensure that, pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms or better and in accordance with the relevant pricing policies; and

- when considering service fees for the services to be provided by the Group to the connected persons, the Group will constantly research prevailing market conditions and practices to ensure that the pricing and terms offered to the connected persons from mutual commercial negotiations are fair and reasonable. The Group will obtain at least three market references in assessing the pricing and terms offered by the Group.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW ENTRUSTED CONSTRUCTION AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT

Through the continuous cooperation between the Ultimate Controlling Shareholders' Associated Companies and the Group in respect of the provision of entrusted construction, the operation and management services for entrusted constructions business and other value-added services, it will support the steady growth of the Group in the entrusted construction business filed.

The Directors (including independent non-executive Directors whose opinion is stated in the "Letter from the Independent Board Committee" of this circular) are of the view that the continuing connected transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are on normal commercial terms or better, and are entered into in the ordinary and usual course of business of the Group. The terms and conditions contained therein and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. INFORMATION ON THE PARTIES

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.

Mr. Zou Kang and Ms. Zou Jian are the controlling shareholders of the Company, with Mr. Zou Kang also being a non-executive Director.

5. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Zou Kang and Ms. Zou Jian are the controlling shareholders of the Company (with Mr. Zou Kang also being a non-executive Director) and are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the proposed annual caps for the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are, on an annual basis, more than 5% and the proposed annual caps for the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are more than HK$10,000,000, the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are therefore subject to the reporting, annual review, circular (including advice of independent financial adviser) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement as well as the proposed annual caps for the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement for each of the two years ending 31 December 2025 and 2026. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same.

Mr. Zou Kang, being a non-executive Director and one of the Ultimate Controlling Shareholders, has abstained from voting on the Board resolution(s) approving the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors attended the Board meeting has a material interest in or is required to abstain from voting on the relevant Board resolution(s).

6. EGM

A notice convening the EGM is set out on pages 40 to 42 of this circular, at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the terms under the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement. The EGM will be convened at 10:00 a.m. on Thursday, 19 December 2024 at the Conference Room, 18th Floor, Block A, Desun International, No. 1480, North Section of Tianfu Avenue, High-tech Industrial Development Zone, Chengdu, the PRC.

Pursuant to Rule 14A.70 of the Listing Rules, any connected person and any Shareholder and its associates with a material interest in the New Entrusted Construction and Value-added Services Framework Agreement shall be required to abstain from voting on the relevant resolution in respect of the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder at the EGM. On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into a concert parties confirmatory deed (the "**Concert Parties Confirmatory Deed**"), pursuant to which they reaffirmed that they had been acting in concert as shareholders of the Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. As such, pursuant to the parties-acting-in-concert arrangement, as at the Latest Practicable Date, each of Sky Donna (being wholly owned by Mr. Zou Kang), Mr. Zou Kang, Pengna Holding (being wholly owned by Ms. Zou Jian) and Ms. Zou Jian, is deemed to be interested in 389,673,000 Shares amounting to approximately 62.82% of the total issued share capital of the Company. Accordingly, each of Mr. Zou Kang and Ms. Zou Jian and their respective associates (including Sky Donna and Pengna Holding) is required to abstain from voting on the resolution(s) in relation to the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder as well as the proposed aggregated annual caps at the EGM. The trustees (the "**Trustee(s)**") of the share award scheme of the Company adopted on 22 December 2023 and amended on 20 May 2024 (the "**Share Award Scheme**") shall abstain from voting all unvested Shares held by each of them under the Share Award Scheme as at the Latest Practicable Date on any matter that require Shareholders' approval under the Listing Rules unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. Therefore, the Trustee(s) will abstain from voting on the resolution(s) to be proposed at the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolution(s).

For the purpose of determining the entitlement for attending and voting at the EGM, the register of members of the Company will be closed from Monday, 16 December 2024 to Thursday, 19 December 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 December 2024.

A form of proxy for use at the EGM has been published on websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.desunhui.com). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

According to Rule 13.39(4) of the Listing Rules, all votes of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution(s) put to the vote at the EGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

7. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 15 to 16 of this circular and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 17 to 32 of this circular in connection with the New Entrusted Construction and Value-added Services Framework Agreement and the annual caps for the two years ending 31 December 2025 and 2026, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Board (including the Independent Board Committee), having taken into account the recommendation from the Independent Financial Adviser, considers that the terms of the New Entrusted Construction and Value-added Services Framework Agreement have been negotiated on arm's length basis and the New Entrusted Construction and Value-added Services Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better. The terms of the New Entrusted Construction and Value-added Services Framework Agreement and the proposed annual caps are fair and reasonable and in the interests of the Company and Shareholders as a whole.

The Board recommends the Independent Shareholders to vote in favour of the ordinary resolution in respect of the New Entrusted Construction and Value-added Services Framework Agreement and the annual caps for the two years ending 31 December 2025 and 2026 at the EGM.

8. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

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)

29 November 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular of the Company dated 29 November 2024 (the "**Circular**") of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the New Entrusted Construction and Value-added Services Framework Agreement and the proposed annual caps for the two years ending 31 December 2025 and 2026, details of which are set out in the Circular. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the letter from the Board, as set out on pages 4 to 14 of the Circular; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its opinion in respect of the New Entrusted Construction and Value-added Services Framework Agreement and the proposed annual caps for the two years ending 31 December 2025 and 2026, as set out on pages 17 to 32 of the Circular.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that (i) the terms of the New Entrusted Construction and Value-added Services Framework Agreement are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM in respect of the New Entrusted Construction and Value-added Services Framework Agreement and the proposed annual caps for the two years ending 31 December 2025 and 2026.

Yours faithfully,
Independent Board Committee

Mr. Fang Liqiang **Mr. Chen Di** **Mr. Yan Hong**
Independent non-executive Directors

The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

29 November 2024

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board ("**Letter from the Board**") of the circular of the Company dated 29 November 2024 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 19 July 2024, the Company entered into the Entrusted Construction and Value-added Services Framework Agreement with the Ultimate Controlling Shareholders in relation to the entrusted construction services and value-added services. As the Entrusted Construction and Value-added Services Framework Agreement will expire on 31 December 2024, on 31 October 2024 (after trading hours), the Company entered into the New Entrusted Construction and Value-added Services Framework Agreement with the Ultimate Controlling Shareholders to renew the continuing connected transactions, pursuant to which the Company agreed to provide entrusted construction and related services and other value-added services to the Ultimate Controlling Shareholders' Associated Companies for a term of two years, commencing from 1 January 2025 and up to 31 December 2026.

As at the Latest Practicable Date, Mr. Zou Kang and Ms. Zou Jian are the controlling shareholders of the Group (with Mr. Zou Kang also being a non-executive Director) and are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps for the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are, on an annual basis, more than 5% and the proposed annual caps for such transactions are more than HK$10,000,000, therefore such transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Fang Liqiang, Mr. Chen Di and Mr. Yan Hong, has been established to advise the Independent Shareholders in respect of the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement and the annual caps for the two years ending 31 December 2025 and 2026. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, Mr. Zou Kang, Ms. Zou Jian or their respective core connected persons or associates. In the past two years prior to this appointment, saved for our engagement as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to (i) major and connected transactions in relation to the Yujing Lease Agreements as defined and disclosed in the circular of the Company dated 3 March 2023; (ii) continuing connected transaction in relation to the Property Services Framework Agreement and the transactions contemplated thereunder as defined and disclosed in the circular of the Company dated 4 January 2024; and (iii) discloseable and connected transactions in relation to the Debts Settlement Agreements as defined and disclosed in the circular of the Company dated 31 January 2024, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with the aforesaid past engagements and this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Mr. Zou Kang, Ms. Zou Jian or their respective core connected persons or associates. Accordingly, we are considered eligible to give independent advice on the New Entrusted Construction and Value-added Services Framework Agreement and the annual caps for the two years ending 31 December 2026.

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete in all material aspects. We have reviewed the information of the Company, among other things, (i) the annual reports of the Company for the years ended 31 December 2022 (the "**2022 Annual Report**") and 2023 (the "**2023 Annual Report**") and the interim report of the Company for the six months ended 30 June 2024 (the "**2024 Interim Report**"); (ii) the Announcement of the Company dated 31 October 2024 in relation to, among others, the continuing connected transactions under the New Entrusted Construction and Value-added Services Framework Agreement and the proposed annual caps; and (iii) other information contained in the Circular. We also have sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us were not misleading in any material aspects. We consider that the information we have received is sufficient for us to reach our opinion and give our advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Company, Mr. Zou Kang, Ms. Zou Jian or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the Circular and will continue to be true up to the time of the EGM, and Shareholders will be informed of any material change as soon as possible.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Information of the parties

1.1. Information of the Company

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. Set out below is the summary of the financial information of the Group for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024 as extracted from the 2023 Annual Report and the 2024 Interim Report:

	For the six months ended 30 June		**For the year ended 31 December**	
	2024	**2023**	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue	203,117	148,750	339,937	267,270
Gross profit	62,433	45,186	91,229	94,671
Profit for the year/period attributable to owners of the parent	21,410	17,860	39,205	33,596

For the two years ended 31 December 2022 and 2023

For the years ended 31 December 2022 and 2023, the Group recorded a revenue of approximately RMB267.3 million and RMB339.9 million respectively, representing an increase of approximately 27.2%, mainly attributable to the increase of property management services in residential properties, with the increase in the GFA under management from approximately 8.2 million square meters as at 31 December 2022 to approximately 8.8 million square meters as at 31 December 2023. The number of properties under management also increased from

57 as at 31 December 2022 to 81 as at 31 December 2023. During the year ended 31 December 2023, the Group has launched the office building and community operation and management business segment, which contributed approximately RMB44.9 million of revenue during 2023.

The Group's gross profit for the year ended 31 December 2022 and 2023 amounted to approximately RMB94.7 million and RMB91.2 million respectively, representing a decrease of approximately 3.6%. As disclosed in the 2023 Annual Report, the gross margin in 2023 was approximately 26.8%, down by about 8.6 percentage point from 2022, mainly due to (i) costs invested in property quality service enhancement; and (ii) costs and expenses invested in the early stage of office building and community operation and management.

The Group's profit attributable to owners of the parent for the year ended 31 December 2022 and 2023 amounted to approximately RMB33.6 million and RMB39.2 million respectively. Such increase was mainly attributable to the Company's proactive management actions for long-aged accounts receivables in the second half of 2023, with part of the impairment provision reversed.

For the six months ended 30 June 2023 and 2024

For the six months ended 30 June 2023 and 2024, the Group recorded a revenue of approximately RMB148.8 million and RMB203.1 million respectively, representing an increase of approximately 36.5%. As disclosed in the 2024 Interim Report, the increase in revenue is mainly attributable to the increase in the area under the property services management as well as the increase in the overall occupancy rate of the operated office buildings. The revenue generated from property services amounted to RMB104.3 million and RMB124.7 million during the six months ended 30 June 2023 and 2024 respectively. The revenue from the Group's office building and community operation and management segment amounted to RMB42.0 million, accounting for 20.7% of the Group's overall revenue, representing an increase of 234.1% as compared to RMB12.6 million for the six months ended 30 June 2023.

The Group's gross profit for the six months ended 30 June 2023 and 2024 amounted to approximately RMB45.2 million and RMB62.4 million respectively, representing an increase of approximately 38.1%. The gross margin in the first half of 2024 was approximately 30.7%, increase by about 0.3 percentage point from the same period in 2023, mainly due to the scale effect arising from the increase in the area under property services management as well as the lean management of existing projects, as disclosed in the 2024 Interim Report.

The Group's profit attributable to owners of the parent for the six months ended 30 June 2023 and 2024 amounted to approximately RMB17.9 million and RMB21.4 million respectively, representing an increase of approximately 19.6%. Such increase was mainly attributable to (i) the increase in gross profit as mentioned above; and (ii) the decrease of provision for impairment losses on trade receivables, partially offset by the increase in administrative expenses and interest expenses.

Set out below is the summary of the financial position of the Group as at 31 December 2022, 2023 and 30 June 2024 as extracted from the 2023 Annual Report and the 2024 Interim Report:

	As at 30 June	**As at 31 December**	
	2024	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Audited)	(Audited)
Total assets	805,928	845,285	450,123
Total liabilities	533,855	532,683	151,476
Net assets	272,073	312,602	298,647

The Group's total assets increased from approximately RMB450.1 million as at 31 December 2022 to approximately RMB845.3 million as at 31 December 2023 and the total liabilities increased from approximately RMB151.5 million as at 31 December 2022 to approximately RMB532.7 million as at 31 December 2023. It is mainly attributable the Company has entered into various of lease agreements to the launch of office building and community operation and management business during the 2023, which lead to the investment properties increased from approximately RMB2.8 million as at 31 December 2022 to approximately RMB250.7 million as at 31 December 2023 and the lease liabilities increased from nil as at 31 December 2022 to approximately RMB256.8 million as at 31 December 2023.

As at 30 June 2024, the Group's total assets amounted to approximately RMB805.9 million, mainly comprised of (i) investment properties of approximately RMB241.3 million; (ii) trade receivables of approximately RMB162.3 million; and (iii) cash and cash equivalents of approximately RMB132.1 million. As at 30 June 2024, the Group's total liabilities amounted to approximately RMB533.9 million, mainly comprised of (i) lease liabilities of approximately RMB254.2 million; (ii) other payables and accruals of approximately RMB159.6 million; and (iii) contract liabilities of approximately RMB55.4 million.

As at 30 June 2024 and 31 December 2023, the Group's net assets amounted to approximately RMB272.1 million and RMB312.6 million respectively. The decrease in net assets is mainly attributable to the decrease in cash and cash equivalents from approximately RMB210.1 million as at 31 December 2023 to approximately RMB132.1 million as at 30 June 2024, as a result of share repurchases during the six months ended 30 June 2024.

In our view, based on the above analysis, the Group has financed its growth prudently and retained a satisfactory financial position.

1.2. Information of the Ultimate Controlling Shareholders

Mr. Zou Kang and Ms. Zou Jian are the controlling shareholders of the Company, with Mr. Zou Kang also being a non-executive Director. As at the Latest Practicable date, Mr. Zou Kang and Ms. Zou Jian are the controlling shareholders of the Company, together with their respective associates, collectively holding 389,673,000 Shares amounting to approximately 62.82% of the total issued share capital of the Company.

2. Reasons for and benefits of entering into in the New Entrusted Construction and Value-added Services Framework Agreement

As set out in the announcement of the Company dated 19 July 2024 in relation to the entering of the Entrusted Construction and Value-added Services Framework Agreement, upon the acquisition (the "**Acquisition**") of the entire equity interest in Sichuan Desun Smart Green Real Estate Co., Ltd.* (四川德商智慧綠色置業有限公司) ("**Desun Smart Green Real Estate**"), which currently provides the entrusted construction and related services and other value-added services to the Ultimate Controlling Shareholders' Associated Companies, the Company expects to venture into the entrusted construction business field. Accordingly, the Company and the Ultimate Controlling Shareholders entered into the Entrusted Construction and Value-added Services Framework Agreement to govern the relevant continuing connected transactions. As the Entrusted Construction and Value-added Services Framework Agreement will expire on 31 December 2024, the Company entered into the New Entrusted Construction and Value-added Services Framework Agreement to extend the term of such agreement. As mentioned in the Letter from the Board, through the continuous cooperation between the Ultimate Controlling Shareholders' Associated Companies and the Group in respect of the provision of the entrusted construction services, the operation and management services for entrusted constructions business and other value-added services, it will support the steady growth of the Group in the entrusted construction business filed.

Taking into account the above and the fact that (i) the principal terms of the New Entrusted Construction and Value-added Services Framework Agreement are on normal commercial terms (as discussed in the section headed "*3. Principal terms of the New Entrusted Construction and Value-added Services Framework Agreement*" below); (ii) the transactions contemplated under the New Entrusted Construction and Value-added

* *For identification purpose only*

Services Framework Agreement is income generating to the Group; (iii) the New Entrusted Construction and Value-added Services Framework Agreement do not restrict the Group from providing services to other customers and offered the Group with flexibilities to conduct business with the Ultimate Controlling Shareholders' Associated Companies; and (iv) the internal control measures in place to ensure that the provision of the property management services and other value-added services to the Ultimate Controlling Shareholders' Associated Companies are conducted in accordance with their terms and conditions (as discussed in the section headed "*5. Internal control measures*" below), we concur with the Directors that the continuing connected transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement, which are conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the New Entrusted Construction and Value-added Services Framework Agreement

The following sets forth the principal terms of the New Entrusted Construction and Value-added Services Framework Agreement:

Parties	:	The Company Mr. Zou Kang and Ms. Zou Jian, the Ultimate Controlling Shareholders
Date	:	31 October 2024
Term	:	From 1 January 2025 to 31 December 2026 (both days inclusive)
Services	:	Pursuant to the New Entrusted Construction and Value-added Services Framework Agreement, the services of which the Group may provide to the Ultimate Controlling Shareholders' Associated Companies are as follows:

- ***Entrusted construction services:*** the services provided to the Ultimate Controlling Shareholders' Associated Companies related to real estate entrusted constructions, including but not limited to various professional services for the entrustment of the entire process of real estate project development and construction, planning and sales, etc.

- ***Operation and management services for entrusted constructions business:*** all services provided to the Ultimate Controlling Shareholders' Associated Companies aiming to improve operational efficiency, reduce operating costs and increase business profits, including but not limited to various professional operation and management services for the entrustment of the entire process of real estate project development and construction, planning and sales.

- ***Other value-added services:*** other value-added services provided to the Ultimate Controlling Shareholders' Associated Companies in relation to entrusted constructions, including but not limited to brand licensing, etc.

Pricing : The prices of provision of services charged by the Group shall be determined on the basis of arm's length negotiations between the relevant parties or through public tender process (as the case may be), taking into account:

- ***In respect of entrusted construction services and operation and management services for entrusted constructions business:*** (i) the types and locations of the entrusted construction projects; (ii) the scope and quality of the services. The quality of the entrusted construction services and operation and management services for entrusted constructions encompasses various aspects, such as meeting project milestones, achieving cost control targets, fulfilling marketing objectives, managing risks and enhancing customer experience. Customers' differing quality requirements necessitate varying degrees of cost inputs from the Group in terms of operation management, cost procurement and marketing personnel, which in turn influences the pricing; (iii) the estimated costs and expenses (including but not limited to labour, consumables, management fees and administrative expenses (by taking into account factors such as the number of staff members required, the specific skills or qualifications needed, the applicable minimum wage in the region)); and (iv) the target profit margins (with reference to future profitability after taking into consideration the increase in labour costs in the foreseeable future), etc.

- ***In respect of other value-added services:*** (i) the nature and location of other value-added services; (ii) the brand, scale and location of other value-added services; (iii) GFA of other value-added services; and (iv) the operation costs, such as cost of raw materials, labour and administration expenses (by taking into account factors such as the number of staff members required, the specific skills or qualifications needed and the applicable minimum wage in the region), etc.

In the event that the Company provides similar services intended to be provided under the New Entrusted Construction and Value-added Services Framework Agreement to Independent Third Parties in the future, the prices charged to the Ultimate Controlling Shareholders' Associated Companies will align with the prevailing market price and no less favorable than those charged to Independent Third Parties for the same period.

Our assessment of the terms of the New Entrusted Construction and Value-added Services Framework Agreement

As set out in the paragraphs headed "*2. Reasons for and benefits of entering into the New Entrusted Construction and Value-added Services Framework Agreement*" above, the entering into of the New Entrusted Construction and Value-added Services Framework Agreement is to extend the term of the Entrusted Construction and Value-added Services Framework Agreement, which will expire on 31 December 2024, to allow the Group to continue its cooperation relationship with the Ultimate Controlling Shareholders' Associated Companies, which supports the Group's development in the entrusted construction business field. As advised by the management of the Company, saved for the annual caps and term, the principal terms of the New Entrusted Construction and Value-added Services Framework Agreement are substantially the same with that of the Entrusted Construction and Value-added Services Framework Agreement.

As advised by the management of the Company, the Company did not provide services similar to those contemplated under the New Entrusted Construction and Value-added Services Framework Agreement to Independent Third Parties. We have obtained and reviewed the contracts of existing projects (the "**Existing Projects**") and noted that they were each entered into between Desun Smart Green Real Estate and the Ultimate Controlling Shareholders' Associated Companies prior to the Acquisition. We have also reviewed the historical income for each of the Existing Projects and noted that such amounts are generally correlated to the size of the development project taking into account the scope of services to be provided. We further noted that for the year ended 31 December 2023, Desun Smart Green Real Estate, which is principally engaged in the provision of services contemplated under the Entrusted Construction and Value-added Services Framework Agreement, achieved overall gross profit margins of over 20%. During the period from 19 July 2024 to 31 October 2024, based on the unaudited financial information of the Company, the Company recorded a lower gross profit margin under the Entrusted Construction and Value-added Services Framework Agreement as compared to that of Desun Smart Green Real Estate for the year ended 31 December 2023, mainly due to the impact of the 2024 Project (as defined below), the fees of which are expected to be recognised by the end of the year based on the contract terms. Taking into account the income from the 2024 Project, the Company expects to record an overall gross profit margin during the entire term of the Entrusted Construction and Value-added Services Framework Agreement of not less than 20%. We have conducted research on the website of the Stock Exchange and identified two companies listed on the Main Board of the Stock Exchange that are principally engaged in the entrusted construction industry, namely Greentown Management Holdings Company Limited (stock code: 9979) ("**Greentown**") and Central China Management Company Limited (stock code: 9982) ("**Central China**"). As trading in the shares of Central China has been suspended since 2 April 2024 and recent financial information are not available, we have excluded it from our analysis. According to the annual report for the year ended 31 December 2023 and the interim report for the six months ended 30 June 2024 of Greentown, we noted that it recorded gross profit margins of approximately 52.2% and 51.5% for the year ended 31 December 2023 and the six months ended 30 June 2024, respectively. As advised by the management of the Company, the lower historical gross profit margin pursuant to the Entrusted Construction and Value-added Services Framework Agreement as compared to the overall gross profit margin of Greentown was mainly due to the fact that (i) the scale of operation of Greentown is significantly larger, with a revenue of approximately RMB3.3 billion and RMB1.7 billion for the year ended 31 December 2023 and the six months ended 30 June 2024, respectively, which may realise greater economies of scale; and (ii) the fact that the Group had only begin to venture into the entrusted construction business field after the Acquisition in July 2024. Taking into account the potential business prospects and the expected gross profit margin from the Entrusted Construction and Value-added Services Framework Agreement being comparable to the overall gross profit margin of the Group of approximately 26.8% for the year ended 31 December 2023, we concur with the view of the Company that such gross profit margin is acceptable.

As set out above, the prices for the provision of services charged by the Group pursuant to the New Entrusted Construction and Value-added Services Framework Agreement are determined taking into account various costs expected to be incurred. As advised by the management of the Company, as the costs involved in the provision of services to the Ultimate Controlling Shareholders' Associated Companies under the New Entrusted Construction and Value-added Services Framework Agreement are largely correlated to the scale and size of the project, in determining the fees to be charged for each projects to be secured by the Group, the Group will take into account estimated costs based on the scale and size of the development project and apply a reasonable profit margin. The Company will take into account profit margins of historical transactions of the Group, prevailing market conditions and practices including market prices from/profit margins of other service providers in the industry, if available, in determining such profit margin to ensure its fairness and reasonableness.

Given that (i) the New Entrusted Construction and Value-added Services Framework Agreement does not restrict the Group from providing similar services to other customers, including Independent Third Parties, and provides the flexibility to the Group in conducting business with the Ultimate Controlling Shareholders' Associated Companies; (ii) the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are income-generating to the Group; and (iii) the fees to be charged in the provision of service contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are taking into account various costs given the scale and size of relevant projects with a reasonable profit margin, we are of the view that the principal terms of the New Entrusted Construction and Value-added Services Framework Agreement are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned.

4. The proposed annual caps

4.1. Historical transaction amounts

The historical annual cap for the period from 19 July 2024 to 31 December 2024 and the historical transaction amounts for the period from 19 July 2024 to 30 September 2024 are set out below:

	For the period from 19 July 2024 to 31 December 2024 *RMB'000*
Historical transaction amounts of entrusted construction and related services and other value-added services	1,151 *(Note)*
Existing annual caps	16,900

Note: The historical transaction amounts are based on the amounts for the period from 19 July 2024 to 30 September 2024.

As set out in the Letter from the Board, during the period from 19 July 2024 to 30 September 2024, the utilisation rate was relatively low, with historical transaction amounts totaling RMB1,150,887.69 against the proposed annual cap of RMB16,900,000, mainly because the Group expects to recognise a significant portion of fees of approximately RMB8 million under one of the project contracts by the end of 2024. Such project contract involves an Ultimate Controlling Shareholders' Associated Company engaging the Group to provide entrusted management and other services for certain residential development projects in 2024 (the "**2024 Projects**"). According to the terms of the contract for the 2024 Projects, the service fees contemplated thereunder shall be settled in one lump sum at the end of the contract period.

4.2. The proposed annual caps

The proposed annual cap amounts for the provision entrusted construction and related services and other value-added services to the Ultimate Controlling Shareholders' Associated Companies for each of the two years ending 31 December 2026 are as follows:

	For the year ending 31 December	
	2025	**2026**
	RMB'000	*RMB'000*
The aggregate amounts of the fees payable by the Ultimate Controlling Shareholders' Associated Companies to the Group	50,000	50,000

As set out in the Letter from the Board, the proposed annual caps for the years ending 31 December 2025 and 2026 were determined with reference to the respective estimated amounts of fees payable by the Ultimate Controlling Shareholders' Associated Companies to the Group in respect of (a) entrusted construction services and operation and management services for entrusted constructions business of not more than RMB35 million and RMB30 million, respectively, and (b) other value-added services of not more than RMB15 million and RMB20 million, respectively. Such estimations were arrived taking into account (i) the historical transaction amounts from 19 July 2024 to 30 September 2024 and the estimated transaction amount related to the entrusted construction business from 19 July 2024 to 31 December 2024; (ii) the estimated costs and expenses involved in the provision of each type of services; (iii) the status of the projects for which the Group has been engaged by the Ultimate Controlling Shareholders' Associated Companies under the existing contracts; and (iv) future proposed development projects and plans of the Ultimate Controlling Shareholders' Associated Companies.

Notwithstanding the historical transaction amounts for the period from 19 July 2024 to 30 September 2024 being approximately RMB1.2 million for the approximately 2.5-month period, from our review of the contracts of the Existing Projects, we noted that the Group is expected to recognise a significant amount of fees approximately RMB8 million from one of such contracts by the end of the year according to the terms of the contract. Such contract relates to the engagement Desun Smart Green Real Estate by the Ultimate Controlling Shareholders' Associated Companies in providing entrusted management services and other value-added services for certain residential development projects owned by the Ultimate Controlling Shareholders' Associated Companies during 2024 (i.e. the 2024 Project). Based on the contract terms of the 2024 Project, the services fees will be paid in a lump sum at the end of the contract period. After taking into account the fees to be recognised from such contract as well as other Existing Projects, the Group expected that the utilisation of the existing annual cap for the period from 19 July 2024 to 31 December 2024 will be substantially increased by the end of the year. The proposed annual caps for each of the years ending 31 December 2025 and 2026 amounted to RMB50 million, representing an increase of approximately 35.6% from the annual cap for the period from 19 July 2024 to 31 December 2024 on pro-rata basis. We understand that such increase was mainly to cater for additional projects to be secured by the Group during the term of the New Entrusted Construction and Value-added Services Framework Agreement taking into account the future proposed development projects and plans of the Ultimate Controlling Shareholders' Associated Companies. We noted that the Group has obtained information from the Ultimate Controlling Shareholders' Associated Companies in relation its development plan in 2025 and 2026 and projected the transaction amounts for new projects which the Group may secure. We have obtained and reviewed such projection and discussed with the Company on their assumptions and basis. The Company understood from the Ultimate Controlling Shareholders that certain of its new projects in 2025 and 2026 may require services contemplated under the New Entrusted Construction and Value-added Services Framework Agreement. The Company expects to secure some of such projects and estimates the expected transaction amount from these projects based on the anticipated scale, with reference to existing project terms or market conditions. As noted from the 2023 Annual Report, the Group achieved a three-year compound annual growth rate of approximately 38.5% for its revenue from 2020 to 2023. Given the strong historical growth rate in the Group's revenue, we consider the expected growth in transaction amounts under the New Entrusted Construction and Value-added Services Framework Agreement to be reasonable.

Based on the above and our review of the underlying calculation in formulating the proposed annual caps, we are of the view that the respective proposed annual caps for the New Entrusted Construction and Value-added Services Framework Agreement were determined based on reasonable estimation and after due and careful consideration. Taking into account the fact that the proposed annual caps provide the Group with flexibility to conduct business with the Ultimate Controlling Shareholders' Associated Companies, we are of the view that such proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

5. *Internal control measures*

As set out in the Letter from the Board, the Company has adopted various internal control measures to ensure that the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are conducted in accordance with the terms governing them, including among others, (i) the review of the connected transactions on the compliance to applicable rules and regulations by the Audit Committee; (ii) the monitoring of the annual caps not being exceeded by the finance department of the Company, in which quarterly statistic of the transaction amount incurred will be compiled; (iii) the joint review and assessment of the terms and conditions of any separate subsidiary agreements by various departments of the Company; (iv) the regular review of the pricing policies of the New Entrusted Construction and Value-added Services Framework Agreement by the management of the Company; and (v) the constantly research on prevailing market conditions and practices to ensure that the pricing and terms offered to the connected persons from mutual commercial negotiations are fair and reasonable, with at least three market references.

We have discussed with the management of the Company and noted that the Company has adhered to the aforementioned internal control measure for transactions conducted pursuant to the Entrusted Construction and Value-added Services Framework Agreement. In particular, the Company was able to keep abreast of the prevailing market conditions and practices of the industry given its relationship with the Ultimate Controlling Shareholders, who are able to obtain market information through public tenders and quotations from time to time in sourcing its suppliers for the provision of entrusted construction and other value-added services.

Details of the internal control measures of the Group are set out in the sections headed "*2. CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NEW ENTRUSTED CONSTRUCTION AND VALUE-ADDED SERVICES FRAMEWORK AGREEMENT — (d) Internal control*" in the Letter from the Board.

Furthermore, pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are subject to the following annual review requirements:

(a) the independent non-executive Directors must review the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement every year and confirm in the annual report that the transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(b) the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and

(iv) have exceeded the relevant annual caps;

(c) the Company must allow, and ensure that the counterparties to the New Entrusted Construction and Value-added Services Framework Agreement allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement; and

(d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the internal control measures in place and the reporting requirements attached to the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement, in particular, (i) the restriction of the transaction value by way of annual caps; and (ii) the ongoing monitoring by various department of the Company and review by the independent non-executive Directors and auditors of the Company of the terms of the New Entrusted Construction and Value-added Services Framework Agreement and the respective proposed annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement and assist in safeguarding the interests of the Company and the independent Shareholders as a whole.

OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors and reasons, we consider that the transactions contemplated under the New Entrusted Construction and Value-added Services Framework Agreement are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and together with the proposed annual caps thereof, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the New Entrusted Construction and Value-added Services Framework Agreement and their respective annual caps to be proposed at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in the Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Total number of Shares/underlying Shares held[(1)]	Approximate percentage of shareholding interest in the Company as at the Latest Practicable Date (%)[(1)]
Mr. Zou Kang	Interest in controlled corporation; interest held jointly with another person[(2)&(3)]	389,673,000 (L)	62.82%
Mr. Zhang Zhicheng	Interest in controlled corporation[(4)]	22,500,000 (L)	3.63%
Ms. Wan Hong	Beneficial owner; beneficiary of a trust[(5)]	3,540,037 (L)	0.57%
Mr. Shao Jiazhen	Beneficial owner; beneficiary of a trust[(6)]	6,128,155 (L)	0.99%
Mr. Liu Jun	Beneficial owner; beneficiary of a trust[(7)]	6,128,155 (L)	0.99%

Notes:

(1) As at the Latest Practicable Date, the Company had issued 620,259,200 Shares in total. The letter "L" denotes the person's long position in the Shares.

(2) On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into the Concert Parties Confirmatory Deed, pursuant to which they reaffirmed that they had been acting in concert as shareholders of the Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Acting-in-concert arrangement" in the Prospectus. As such, pursuant to the acting-in-concert arrangement, as at the Latest Practicable Date, each of the controlling Shareholders, i.e. Sky Donna (being wholly owned by Mr. Zou Kang), Mr. Zou Kang, Pengna Holding (being wholly owned by Ms. Zou Jian) and Ms. Zou Jian, is deemed to be interested in 62.82% of the issued share capital of the Company.

(3) These 389,673,000 Shares in which Mr. Zou Kang is interested consist of (i) 372,393,000 Shares held by Sky Donna, a company wholly-owned by Mr. Zou Kang, in which Mr. Zou Kang is deemed to be interested under the SFO; and (ii) 17,280,000 Shares in which Mr. Zou Kang is deemed to be interested as a result of being a party acting-in-concert with Ms. Zou Jian pursuant to the Concert Parties Confirmatory Deed.

(4) These 22,500,000 Shares are held by Zhiyu Holding Limited, the issued shares of which are wholly owned by Mr. Zhang Zhicheng. Under the SFO, Mr. Zhang Zhicheng will be taken to be interested in the Shares held by Zhiyu Holding Limited.

(5) Ms. Wan Hong is interested in 3,540,037 Shares, including 1,059,000 Shares she held and 2,481,037 awarded Shares she was granted which are subject to a vesting period of three years from the date of grant.

(6) Mr. Shao Jiazhen is interested in 6,128,155 Shares, including 2,406,600 Shares he held and 3,721,555 awarded Shares he was granted which are subject to a vesting period of three years from the date of grant.

(7) Mr. Liu Jun is interested in 6,128,155 Shares, including 2,406,600 Shares he held and 3,721,555 awarded Shares he was granted which are subject to a vesting period of three years from the date of grant.

Interests in shares and underlying shares of the Company's associated corporation

Name of Director	Capacity/Nature of Interest	Associated corporation	Total number of shares/underlying shares held *(Note)*	Approximate percentage of interest in the associated corporation as at the Latest Practicable Date (%)
Mr. Zou Kang	Beneficial owner	Sky Donna	1 (L)	100%

Note: The letter "L" denotes the person's long position in the share(s) of the associated corporation.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors were aware, as of the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares/underlying Shares held(1)	Approximate percentage of shareholding interest in the Company as at the Latest Practicable Date (%)(1)
Sky Donna	Beneficial owners; interest held jointly with another person(2)&(3)	389,673,000 (L)	62.82%
Ms. Zou Jian	Interest of corporation controlled by you; interest held jointly with another person(4)	389,673,000 (L)	62.82%
Pengna Holding	Beneficial owner; interest held jointly with another person(4)	389,673,000 (L)	62.82%

Notes:

(1) As at the Latest Practicable Date, the Company had issued 620,259,200 Shares in total. The letter "L" denotes the person's long position in the Shares.

(2) On 11 May 2021, Mr. Zou Kang and Ms. Zou Jian entered into the Concert Parties Confirmatory Deed, pursuant to which they reaffirmed that they had been acting in concert as shareholders of the Group before the date of the Concert Parties Confirmatory Deed, and shall continue the same thereafter. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Acting-in-concert arrangement" in the Prospectus. As such, pursuant to the parties-acting-in-concert arrangement, as at the Latest Practicable Date, each of Sky Donna (being wholly owned by Mr. Zou Kang), Mr. Zou Kang, Pengna Holding (being wholly owned by Ms. Zou Jian) and Ms. Zou Jian, is deemed to be interested in 62.82% of the issued share capital of the Company.

(3) These 389,673,000 Shares in which Sky Donna (a company wholly-owned by Mr. Zou Kang) is interested consist of (i) 372,393,000 Shares held by Sky Donna; and (ii) 17,280,000 Shares in which Sky Donna is deemed to be interested as a result of the Concert Parties Confirmatory Deed entered into between Mr. Zou Kang and Ms. Zou Jian.

(4) These 389,673,000 Shares in which Ms. Zou Jian is interested consist of (i) 17,280,000 Shares held by Pengna Holding, a company wholly-owned by Ms. Zou Jian, in which Ms. Zou Jian is deemed to be interested under the SFO; and (ii) 372,393,000 Shares of Sky Donna in which Ms. Zou Jian is deemed to be interested as a result of being a party acting-in-concert with Mr. Zou Kang pursuant to the Concert Parties Confirmatory Deed.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any other persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. NO MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors confirm that there were no material adverse changes in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group have been made up).

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. DIRECTOR'S INTERESTS IN ASSETS

As at the Latest Practicable Date, to the best knowledge and information of the Directors, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

7. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

Save for the interests of the Directors in:

(i) the New Entrusted Construction and Value-added Services Framework Agreement;

(ii) the Entrusted Construction and Value-added Services Framework Agreement. For further details, please refer to the announcement of the Company dated 19 July 2024; and

(iii) the property services framework agreement dated 7 December 2023 entered into between the Company, Mr. Zou Kang and Ms. Zou Jian, pursuant to which, the Company agreed to provide a range of property management services and other related services to companies in which Mr. Zou Kang and/or Ms. Zou Jian can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries for the term of three years, commencing from 1 January 2024 and up to 31 December 2026. For further details, please refer to the circular of the Company dated 4 January 2024.

As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangements subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

8. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors are aware, except for Mr. Zou Kang, a non-executive Director who also serves as the director of each of Sky Donna and Pengna Holding, none of the Directors served as directors or employees in companies which had interests or short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

9. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or any of their close associates had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

10. QUALIFICATION OF EXPERT AND CONSENT

The following are the qualification of the professional adviser who has provided its opinion or advice, which are contained in this circular:

Name	Qualification
Somerley Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above mentioned expert is an Independent Third Party of the Company and its connected persons.

As at the Latest Practicable Date, the Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the text of its letter and references to its name, logo, qualification and/or its advice in the form and context in which they respectively appear herein.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect shareholding in the Company or any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interests in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

The letter and recommendation from the Independent Financial Adviser are given as of the date of this circular for incorporation herein.

11. MISCELLANEOUS

(a) The registered office of the Company is situated at 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

(c) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The joint company secretaries of the Company are (i) Ms. Wan Hong; and (ii) Ms. Ng Ka Man, an associate member of both of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.desunhui.com) for a period of 14 days from the date of this circular (both days inclusive):

(a) the New Entrusted Construction and Value-added Services Framework Agreement; and

(b) this circular.

DESUN 德商产投服务
创 造 美 好 福 流 生 活

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Desun Real Estate Investment Services Group Co., Ltd. (the "**Company**") will be held at the Conference Room, 18th Floor, Block A, Desun International, No. 1480, North Section of Tianfu Avenue, High-tech Industrial Development Zone, Chengdu, the PRC on Thursday, 19 December 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. "**THAT**:

   (a) the New Entrusted Construction and Value-added Services Framework Agreement (as defined in the circular of the Company dated 29 November 2024 (the "**Circular**")) (including the annual caps under the New Entrusted Construction and Value-added Services Framework Agreement) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) any one of the director(s) of the Company be and is hereby authorized for and on behalf of the Company to execute (where appropriate, as a deed) and deliver, and (where required) affix the common seal of the Company to, such further documents and to do all such acts or things as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the New Entrusted Construction and Value-added Services Framework Agreement and the transactions contemplated thereunder."

Yours faithfully
For and on behalf of the Board
Desun Real Estate Investment Services Group Co., Ltd.
Zhang Zhicheng
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 29 November 2024

Registered office:
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

Principal place of business in Hong Kong:
31/F., Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Head office and principal place of business in the PRC:
Room 1803, Block A
Desun International
No. 1480 North Section of Tianfu Avenue High-tech
Industrial Development Zone
Chengdu
China

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Memorandum of Association and Articles of Association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.

2. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

3. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.

4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same.

5. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM (i.e. before 10:00 a.m. on Tuesday, 17 December 2024) or any adjournment thereof (as the case may be).

6. Completion and return of the form of proxy shall not preclude a member from attending and voting in person at the EGM or any adjournment thereof (as the case may be) and, in such event, the form of proxy appointing a proxy shall be deemed to be revoked.

7. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Monday, 16 December 2024 to Thursday, 19 December 2024 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 December 2024.

8. Pursuant to Rule 13.39(4) of the Listing Rules, voting for the resolutions set out in this notice will be taken by poll at the above meeting.

As at the date of this notice, the executive Directors are Mr. Zhang Zhicheng, Ms. Wan Hong, Mr. Liu Jun, Mr. Shao Jiazhen and Ms. Zhu Na, 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.