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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)**

## **MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE YUJING LEASE AGREEMENTS**

### **THE YUJING LEASE AGREEMENTS**

The Board announces that on 4 November 2022 (after trading hours), Desun Yuanhong, Desun Yongrun and Dehenghong (as tenants), which are indirect non wholly-owned subsidiaries of the Company, entered into the Yujing Lease Agreements respectively with Desun Gaoxin (as the landlord) in respect of the Yujing Leased Premises for a term of 14 years and 8 months commencing from 8 December 2022 (or from the effective date of the Yujing Lease Agreements upon the fulfillment of the conditions set out therein, whichever is the later) and expiring on 7 August 2037 (subject to extension if the effective date of the Yujing Lease Agreements is later than 8 December 2022).

### **IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE YUJING LEASE AGREEMENTS**

As at the date of this announcement, Desun Gaoxin is ultimately controlled by Mr. Zou Kang (a non-executive Director and a controlling shareholder of the Company) and Ms. Zou Jian (a controlling shareholder of the Company). As a result, Desun Gaoxin is an associate of Mr. Zou Kang and Ms. Zou Jian, and hence is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16, the leases of the Yujing Leased Premises I, Yujing Leased Premises II and Yujing Leased Premises III under the Yujing Lease Agreements will be recognised as right-of-use assets of the Group for an aggregate amount of approximately RMB157.0 million. Accordingly, the transactions contemplated under the Yujing Lease Agreements are regarded as acquisitions of assets under the definition of “transaction” as set out in Rule 14.04(1)(a) of the Listing Rules. As the Yujing Lease Agreements were entered into with Desun Gaoxin, which is a connected person of the Company, the transactions under each of the Yujing Lease Agreements shall be aggregated as a series of transactions for the Company pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio as defined under the Listing Rules calculated based on the value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 under the Yujing Lease Agreements on an aggregated basis is more than 25% but less than 100%, the transactions contemplated under the Yujing Lease Agreements constitute (i) major transactions of the Company under Chapter 14 of the Listing Rules which are subject to the announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules; and (ii) connected transactions of the Company which are subject to reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## GENERAL

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the major and connected transactions under the Yujing Lease Agreements. As Desun Gaoxin is an associate of Mr. Zou Kang and Ms. Zou Jian (both of them being the controlling shareholders of the Company as at the date of this announcement), each of Mr. Zou Kang, Ms. Zou Jian, Sky Donna (the wholly-owned company of Mr. Zou Kang through which he held his shareholding interests in the Company) and Pengna Holding (the wholly-owned company of Ms. Zou Jian through which she held her shareholding interests in the Company) and their respective associates will abstain from voting on the resolutions in relation to the Yujing Lease Agreements at the EGM. Furthermore, Mr. Yang Bin, Mr. Zhou Hongbo and Mr. Zhong Xin, who are indirect shareholders of Desun Gaoxin and have material interests in the transactions contemplated under the Yujing Lease Agreements, also hold indirect shareholding interests in the Company. As a result, each of (i) Mr. Yang Bin and Bingyang Holding Limited (a company wholly-owned by Mr. Yang Bin) which together hold 20,700,000 Shares, representing approximately 3.36% of the total issued Shares as at the date of this announcement; (ii) Mr. Zhou Hongbo and Zhirui Holding Limited (a company wholly-owned by Mr. Zhou Hongbo) which together hold 8,280,000 Shares, representing approximately 1.34% of the total issued Shares as at the date of this announcement; and (iii) Mr. Zhong Xin and Lvy Holding Limited (a company wholly-owned by Mr. Zhong Xin) which together hold 4,347,000 Shares, representing approximately 0.70% of the total issued Shares as at the date of this announcement, will also abstain from voting on the resolutions in relation to the Yujing Lease Agreements at the EGM. The resolutions will be passed as ordinary resolutions and voted by poll in accordance with the requirements of the Listing Rules.

A circular containing, among other things, information relating to the Yujing Lease Agreements and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser, notice of the EGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 24 November 2022 as more time is required for the preparation of information to be included in the circular.

## THE YUJING LEASE AGREEMENTS

The Board announces that on 4 November 2022 (after trading hours), Desun Yuanhong, Desun Yongrun and Dehenghong (as tenants), which are indirect non wholly-owned subsidiaries of the Company, entered into the Yujing Lease Agreements respectively with Desun Gaoxin (as the landlord) in respect of the Yujing Leased Premises for a term of 14 years and 8 months commencing from 8 December 2022 (or from the effective date of the Yujing Lease Agreements upon the fulfillment of the conditions set out therein, whichever is the later) and expiring on 7 August 2037 (subject to extension if the effective date of the Yujing Lease Agreements is later than 8 December 2022).

The Yujing Lease Agreements comprise the Yujing Lease Agreement I, Yujing Lease Agreement II and Yujing Lease Agreement III. The principal terms of each of the Yujing Lease Agreements are set out below:

### *Yujing Lease Agreement I*

<b>Date</b>	:	4 November 2022 (after trading hours)
<b>Parties</b>	:	(i) Desun Yuanhong (as tenant); and (ii) Desun Gaoxin (as landlord)
<b>Leased premises</b>	:	The 3rd to 12th floor of the property located at Building 6, No. 158, Guandong 3rd Street, Shuangliu District, Chengdu, PRC
<b>Gross floor area</b>	:	Approximately 9,889.48 sq.m.
<b>Term</b>	:	14 years and 8 months from 8 December 2022 (or from the effective date of the Yujing Lease Agreement I upon the fulfillment of the conditions set out therein, whichever is the later) to 7 August 2037 (subject to extension if the effective date of the Yujing Lease Agreement I is later than 8 December 2022)

If Desun Yuanhong wishes to renew the term of the lease, it shall apply to Desun Gaoxin six months prior to the expiration of the Yujing Lease Agreement I. The parties will further negotiate and enter into a new lease agreement. Desun Yuanhong shall have priority over other parties to lease the Yujing Leased Premises I under the same terms of the Yujing Lease Agreement I upon expiration

- Usage** : Desun Yuanhong shall sublease the Yujing Leased Premises I and provide supporting services to prospective sub-tenants for use as office
- Rent** : The total rent payable over the entire term of the lease shall be approximately RMB85.7 million (inclusive of value-added tax but exclusive of property management fees and other utilities charges, such as electricity, water, air conditioning, and other costs ancillary to the usage of the Yujing Leased Premises I), and is expected to be financed by the internal resources of the Group
- Pursuant to the terms of the Yujing Lease Agreement I, the monthly rental for the first three years of the lease term is approximately RMB465,700 per month (inclusive of value-added tax), with an increment of approximately 5% for every subsequent three years.
- The rental payable under the Yujing Lease Agreement I was arrived after arm's length negotiation between the parties with reference to, among others, the valuation of the market rent of the Yujing Leased Premises in their existing state as at 30 September 2022 by an independent valuer
- Rent free renovation period** : There will be a total of approximately 11 months of renovation period during the first three years after the effective date of the Yujing Lease Agreement I (six months during the first year, three months during the second year, and two months during the third year), during which Desun Yuanhong shall not be required to pay the rent, but shall pay for the relevant property fees and other utilities charges such as electricity, water and air conditioning
- Guarantee money** : Approximately RMB0.5 million shall be paid to Desun Gaoxin as guarantee money. The guarantee money shall be returned to Desun Yuanhong upon expiration of the term of the lease, provided there is no outstanding payment under the Yujing Lease Agreement I owed by Desun Yuanhong to Desun Gaoxin by then. The guarantee money will be forfeited if the Yujing Lease Agreement I is terminated due to default of Desun Yuanhong

- Payment terms** : The rent shall be paid quarterly in advance at least 15 days before the commencement of the relevant quarter, subject to the terms of the Yujing Lease Agreement I, and provided that approximately RMB1.4 million (after taking into account the 6 months rent-free renovation period during the first year of lease) shall be paid to Desun Gaoxin as the first period rental for the lease term up to 7 September 2023 within seven days after the execution of Yujing Lease Agreement I
- Earnest money** : An amount equivalent to approximately RMB1.9 million had been paid to Desun Gaoxin as refundable earnest money. If the Yujing Lease Agreement I does not become effective on or before 1 January 2023, the full amount of the earnest money shall be refunded to Desun Yuanhong without interest. In the event the Yujing Lease Agreement I becomes effective upon the satisfaction of the conditions prescribed thereunder, the earnest money shall be applied in payment of the guarantee money and the first period rental
- Termination** : Subject to the other terms in the Yujing Lease Agreement I, the parties to the Yujing Lease Agreement I may terminate the agreement upon mutual agreement
- Other material terms** : (a) Desun Yuanhong shall be entitled to sublease the Yujing Leased Premises I to third parties
- (b) The Yujing Lease Agreement I shall take effect conditional upon the execution of the Yujing Lease Agreement I and the Company having obtained the approval by the Independent Shareholders at a general meeting for entering into the Yujing Lease Agreement I, in accordance with the Listing Rules

- (c) As at the date of the Yujing Lease Agreement I, Desun Gaoxin is resolving the title issues with respect to certain properties among the Yujing Leased Premises I with an aggregate gross floor area of approximately 526.18 sq.m. Desun Gaoxin has undertaken to resolve the title issues with respect to such affected properties during the rent free renovation period during the first year of the lease. In the event the title issue is not resolved, Desun Yuanhong would not be liable to pay the rental for the said affected properties (calculated by multiplying the monthly rental per sq.m. with the gross floor area of the said affected properties). Under such circumstances, the total monthly rental payable for Yujing Leased Premises I would be adjusted by deducting the relevant monthly rental for the said affected properties from it, and any rental already paid for such affected properties would be fully returned back to Desun Yuanhong

***Yujing Lease Agreement II***

- Date** : 4 November 2022 (after trading hours)
- Parties** : (i) Desun Yongrun (as tenant); and  
(ii) Desun Gaoxin (as landlord)
- Leased premises** : The 13th to 22nd floor of the property located at Building 6, No. 158, Guandong 3rd Street, Shuangliu District, Chengdu, PRC
- Gross floor area** : Approximately 9,892.07 sq.m.
- Term** : 14 years and 8 months from 8 December 2022 (or from the effective date of the Yujing Lease Agreement II upon the fulfillment of the conditions set out therein, whichever is the later) to 7 August 2037 (subject to extension if the effective date of the Yujing Lease Agreement II is later than 8 December 2022)

If Desun Yongrun wishes to renew the term of the lease, it shall apply to Desun Gaoxin six months prior to the expiration of the Yujing Lease Agreement II. The parties will further negotiate and enter into a new lease agreement. Desun Yongrun shall have priority over other parties to lease the Yujing Leased Premises II under the same terms of the Yujing Lease Agreement II upon expiration

**Usage** : Desun Yongrun shall sublease the Yujing Leased Premises II and provide supporting services to prospective sub-tenants for use as office

**Rent** : The total rent payable over the entire term of the lease shall be approximately RMB85.7 million (inclusive of value-added tax but exclusive of property management fees and other utilities charges, such as electricity, water, air conditioning, and other costs ancillary to the usage of the Yujing Leased Premises II), and is expected to be financed by the internal resources of the Group

Pursuant to the terms of the Yujing Lease Agreement II, the monthly rental for the first three years of the lease term is approximately RMB465,800 per month (inclusive of value-added tax), with an increment of approximately 5% for every subsequent three years

The rental payable under the Yujing Lease Agreement II was arrived after arm's length negotiation between the parties with reference to, among others, the valuation of the market rent of the Yujing Leased Premises in their existing state as at 30 September 2022 by an independent valuer

**Rent free renovation period** : There will be a total of approximately 11 months of renovation period during the first three years after the effective date of the Yujing Lease Agreement II (six months during the first year, three months during the second year, and two months during the third year), during which Desun Yongrun shall not be required to pay the rent, but shall pay for the relevant property fees and other utilities charges such as electricity, water and air conditioning



- Guarantee money** : Approximately RMB0.5 million shall be paid to Desun Gaoxin as guarantee money. The guarantee money shall be returned to Desun Yongrun upon the expiration of the term of the lease, provided there is no outstanding payment under the Yujing Lease Agreement II owed by Desun Yongrun to Desun Gaoxin by then. The guarantee money will be forfeited if the Yujing Lease Agreement II is terminated due to default of Desun Yongrun
- Payment terms** : The rent shall be paid quarterly in advance at least 15 days before the commencement of the relevant quarter, subject to the terms of the Yujing Lease Agreement II, and provided that approximately RMB1.4 million (after taking into account the 6 months rent-free renovation period during the first year of lease) shall be paid to Desun Gaoxin as the first period rental for the lease term up to 7 September 2023 within seven days after the execution of the Yujing Lease Agreement II
- Earnest money** : An amount equivalent to approximately RMB1.9 million had been paid to Desun Gaoxin as refundable earnest money. If the Yujing Lease Agreement II does not become effective on or before 1 January 2023, the full amount of the earnest money shall be refunded to Desun Yongrun without interest. In the event the Yujing Lease Agreement II becomes effective upon the satisfaction of the conditions prescribed thereunder, the earnest money shall be applied in payment of the guarantee money and the first period rental
- Termination** : Subject to the other terms in the Yujing Lease Agreement II, the parties to the Yujing Lease Agreement II may terminate the agreement upon mutual agreement
- Other material terms** : (a) Desun Yongrun shall be entitled to sublease the Yujing Leased Premises II to third parties
- (b) The Yujing Lease Agreement II shall take effect conditional upon the execution of the Yujing Lease Agreement II and the Company having obtained the approval by the Independent Shareholders at a general meeting for entering into the Yujing Lease Agreement II, in accordance with the Listing Rules

- (c) As at the date of the Yujing Lease Agreement II, Desun Gaoxin is resolving the title issues with respect to certain properties among the Yujing Leased Premises II with an aggregate gross floor area of approximately 255.18 sq.m.. Desun Gaoxin has undertaken to resolve the title issues with respect to such affected properties during the rent free renovation period during the first year of the lease. In the event the title issue is not resolved, Desun Yongrun would not be liable to pay the rental for the said affected properties (calculated by multiplying the monthly rental per sq.m. with the gross floor area of the said affected properties). Under such circumstances, the total monthly rental payable for Yujing Leased Premises II would be adjusted by deducting the relevant monthly rental for the said affected properties from it, and any rental already paid for such affected properties would be fully returned back to Desun Yongrun

***Yujing Lease Agreement III***

<b>Date</b>	:	4 November 2022 (after trading hours)
<b>Parties</b>	:	(i) Dehenghong (as tenant); and (ii) Desun Gaoxin (as landlord)
<b>Leased premises</b>	:	The 23rd to 31st floor of the property located at Building 6, No. 158, Guandong 3rd Street, Shuangliu District, Chengdu, PRC
<b>Gross floor area</b>	:	Approximately 8,898.67 sq.m.
<b>Term</b>	:	14 years and 8 months from 8 December 2022 (or from the effective date of the Yujing Lease Agreement III upon the fulfillment of the conditions set out therein, whichever is the later) to 7 August 2037 (subject to extension if the effective date of the Yujing Lease Agreement III is later than 8 December 2022)

If Dehenghong wishes to renew the term of the lease, it shall apply to Desun Gaoxin six months prior to the expiration of the Yujing Lease Agreement III. The parties will further negotiate and enter into a new lease agreement. Dehenghong shall have priority over other parties to lease the Yujing Leased Premises III under the same terms of the Yujing Lease Agreement III upon expiration

**Usage** : Dehenghong shall sublease the Yujing Leased Premises III and provide supporting services to prospective sub-tenants for use as office

**Rent** : The total rent payable over the entire term of the lease shall be approximately RMB77.1 million (inclusive of value-added tax but exclusive of property management fees and other utilities charges, such as electricity, water, air conditioning, and other costs ancillary to the usage of the Yujing Leased Premises III), and is expected to be financed by the internal resources of the Group

Pursuant to the terms of the Yujing Lease Agreement III, the monthly rental for the first three years of the lease term is approximately RMB419,000 per month (inclusive of value-added tax), with an increment of approximately 5% for every subsequent three years

The rental payable under the Yujing Lease Agreement III was arrived after arm's length negotiation between the parties with reference to, among others, the valuation of the market rent of the Yujing Leased Premises in their existing state as at 30 September 2022 by an independent valuer

**Rent free renovation period** : There will be a total of approximately 11 months of renovation period during the first three years after the effective date of the Yujing Lease Agreement III (six months during the first year, three months during the second year, and two months during the third year), during which Desun Yongrun shall not be required to pay the rent, but shall pay for the relevant property fees and other utilities charges such as electricity, water and air conditioning

- Guarantee money** : Approximately RMB0.4 million shall be paid to Desun Gaoxin as guarantee money. The guarantee money shall be returned to Dehenghong upon the expiration of the term of the lease, provided there is no outstanding payment under the Yujing Lease Agreement III owed by Dehenghong to Desun Gaoxin by then. The guarantee money will be forfeited if the Yujing Lease Agreement III is terminated due to default of Dehenghong
- Payment terms** : The rent shall be paid quarterly in advance at least 15 days before the commencement of the relevant quarter, subject to the terms of the Yujing Lease Agreement III, and provided that approximately RMB1.3 million (after taking into account the 6 months rent-free renovation period during the first year of lease) shall be paid to Desun Gaoxin as the first period rental for the lease term up to 7 September 2023 within seven days after the execution of the Yujing Lease Agreement III
- Earnest money** : An amount equivalent to approximately RMB1.7 million had been paid to Desun Gaoxin as refundable earnest money. If the Yujing Lease Agreement III does not become effective on or before 1 January 2023, the full amount of the earnest money shall be refunded by Desun Gaoxin without interest. In the event the Yujing Lease Agreement III becomes effective upon the satisfaction of the conditions prescribed thereunder, the earnest money shall be applied in payment of the guarantee money and the first period rental
- Termination** : Subject to the other terms in the Yujing Lease Agreement III, the parties to the Yujing Lease Agreement III may terminate the agreement upon mutual agreement
- Other material terms** : (a) Dehenghong shall be entitled to sublease the Yujing Leased Premises III to third parties
- (b) The Yujing Lease Agreement III shall take effect conditional upon the execution of the Yujing Lease Agreement III and the Company having obtained the approval by the Independent Shareholders at a general meeting for entering into the Yujing Lease Agreement III, in accordance with the Listing Rules

## INFORMATION OF THE PARTIES

### **The Group, Desun Yuanhong, Desun Yongrun and Dehenghong**

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.

Each of Desun Yuanhong, Desun Yongrun and Dehenghong is a company established in the PRC with limited liability and is a non wholly-owned subsidiary of the Company. They are each principally engaged in property management and commercial operation. Each of Desun Yuanhong, Desun Yongrun and Dehenghong is wholly-owned by Chengdu Desun Xinhongdao Business Management Co., Ltd.\* (成都德商新泓道商業管理有限公司), which is in turn owned as to (i) 51% by Chengdu Yujingge Hotel Management Co., Ltd.\* (成都御璟閣酒店管理有限公司), a wholly-owned subsidiary of the Company; and (ii) 49% by Sichuan Century Yuanhong Commercial Management Co., Ltd.\* (四川世紀遠鴻商業管理有限公司). Sichuan Century Yuanhong Commercial Management Co., Ltd.\* (四川世紀遠鴻商業管理有限公司) is ultimately wholly-owned by Mr. Ren Kaijun (任開均先生) and Mr. Ren Tianyi (任天義先生). To the best knowledge, information and belief of the Directors, Sichuan Century Yuanhong Commercial Management Co., Ltd.\* (四川世紀遠鴻商業管理有限公司) and its ultimate beneficial owners are independent third parties from the Company and its connected person(s).

### **Desun Gaoxin**

Desun Gaoxin is a company established in the PRC with limited liability and is principally engaged in property development. To the best knowledge, information and belief of the Directors, it is wholly owned by Chengdu Huacheng Information Industry Co., Ltd.\* (成都華誠信息產業有限公司) (“**Chengdu Huacheng**”). Chengdu Huacheng is a company established in the PRC with limited liability which is principally engaged in, among others, properties leasing and internet technology support and services. It is owned as to 50% by Chengdu Digital Entertainment Software Park Management Investment Co., Ltd.\* (成都數字娛樂軟件園管理投資有限公司) (“**Chengdu Digital Entertainment**”), 45.75% by Mr. Zou Kang, 2.5% by Mr. Yang Bin, 1.0% by Mr. Zhou Hongbo, and 0.75% by Mr. Zhong Xin. Chengdu Digital Entertainment is a company established in the PRC with limited liability which is principally engaged in, among others, properties leasing and the development, consultation, technology transfer and technology service in the information technology industry. Chengdu Digital Entertainment is owned as to 89.5% by Mr. Zou Kang, 5.0% by Mr. Yang Bin, 2.0% by Ms. Zou Jian, 2% by Mr. Zhou Hongbo and 1.5% by Mr. Zhong Xin as at the date of this announcement. As a result, Desun Gaoxin is controlled by Mr. Zou Kang and Ms. Zou Jian (the controlling shareholders of the Company), and hence a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE YUJING LEASE AGREEMENTS**

Since the listing on the Stock Exchange, the Group has been actively looking for business opportunities to grow its business. Being deep rooted in Sichuan Province, the Directors believe there are immense opportunities for business innovation in Chengdu, and the Group is well positioned to capture such opportunities and growth in the region.

The Yujing Leased Premises form part of the real estate project “Desun • Yujing Tianjiao” (德商 • 御璟天驕) developed by the Desun Property, and are located in the Chengdu Hi-tech Industrial Development Zone with well developed transportation and auxiliary facilities, and therefore an ideal location to operate an office building. The Directors consider the proposed lease contemplated under the Yujing Lease Agreements represent an appealing opportunity to develop the Group’s commercial operation service and expand its revenue stream.

The Directors (excluding the independent non-executive Directors, whose opinion on the Yujing Lease Agreements and the transactions contemplated thereunder will be set forth in the circular by reference to the advice from the Independent Financial Adviser in this regard) are of the view that the Yujing Lease Agreements are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better with reference to the valuation of the market rent of the Yujing Leased Premises in their existing state as at 30 September 2022 by an independent valuer; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Desun Gaoxin is ultimately controlled by Mr. Zou Kang (a non-executive Director and a controlling shareholder of the Company) and Ms. Zou Jian (a controlling shareholder of the Company). As a result, Desun Gaoxin is an associate of Mr. Zou Kang and Ms. Zou Jian, and hence is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16, the leases of the Yujing Leased Premises I, Yujing Leased Premises II and Yujing Leased Premises III under the Yujing Lease Agreements will be recognised as right-of-use assets of the Group for an aggregate amount of approximately RMB157.0 million. Accordingly, the transaction contemplated under the Yujing Lease Agreements is regarded as an acquisition of asset under the definition of “transaction” as set out in Rule 14.04(1)(a) of the Listing Rules. As the Yujing Lease Agreements were entered into with Desun Gaoxin, which is a connected person of the Company, the transactions under each of the Yujing Lease Agreements shall be aggregated as a series of transactions for the Company pursuant to Rule 14A.81 of the Listing Rules.



As the highest applicable percentage ratio as defined under the Listing Rules calculated based on the value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 under the Yujing Lease Agreements on an aggregated basis is more than 25% but less than 100%, the transactions contemplated under the Yujing Lease Agreements constitute (i) major transactions of the Company under Chapter 14 of the Listing Rules which are subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) connected transactions of the Company which are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Zou Kang (a non-executive Director) ultimately controlled Desun Gaoxin, he had abstained from voting on the Board resolutions approving the Yujing Lease Agreements and the transactions contemplated thereunder. Save and except for the aforesaid, none of the other Directors has any material interest in the Yujing Lease Agreements and was required to abstain from voting on the Board resolutions in relation to the Yujing Lease Agreements.

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

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Fang Liqiang, Mr. Chen Di and Mr. Yan Hong to advise the Independent Shareholders on the Yujing Lease Agreements and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest in the Yujing Lease Agreements and the transactions contemplated thereunder.

Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Yujing Lease Agreements and the transactions contemplated thereunder. The Independent Board Committee will form its view in respect of the Yujing Lease Agreements and the transactions contemplated thereunder after obtaining and considering the advice from the Independent Financial Adviser.

#### **GENERAL**

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the major and connected transactions under the Yujing Lease Agreements. As Desun Gaoxin is an associate of Mr. Zou Kang and Ms. Zou Jian (both of them being the controlling shareholders of the Company as at the date of this announcement), each of Mr. Zou Kang, Ms. Zou Jian, Sky Donna (the company wholly-owned by Mr. Zou Kang through which he held his shareholding interests in the Company) and Pengna Holding (the company wholly-owned by Ms. Zou Jian through which she held her shareholding interests in the Company) and their respective associates (together holding 389,673,000 Shares, representing approximately 63.17% of the total issued Shares) will abstain from voting on the resolutions in relation to the Yujing Lease Agreements at the

EGM. Furthermore, Mr. Yang Bin, Mr. Zhou Hongbo and Mr. Zhong Xin, who are indirect shareholders of Desun Gaoxin and have material interests in the transactions contemplated under the Yujing Lease Agreements, also hold indirect shareholding interests in the Company. As a result, each of (i) Mr. Yang Bin and Bingyang Holding Limited (a company wholly-owned by Mr. Yang Bin) which together hold 20,700,000 Shares, representing approximately 3.36% of the total issued Shares as at the date of this announcement; (ii) Mr. Zhou Hongbo and Zhirui Holding Limited (a company wholly-owned by Mr. Zhou Hongbo) which together hold 8,280,000 Shares, representing approximately 1.34% of the total issued Shares as at the date of this announcement; and (iii) Mr. Zhong Xin and Lvy Holding Limited (a company wholly-owned by Mr. Zhong Xin) which together hold 4,347,000 Shares, representing approximately 0.70% of the total issued Shares as at the date of this announcement, will also abstain from voting on the resolutions in relation to the Yujing Lease Agreements at the EGM. The resolutions will be passed as ordinary resolutions and voted by poll in accordance with the requirements of the Listing Rules.

A circular containing, among other things, information relating to the Yujing Lease Agreements and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser, notice of the EGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 24 November 2022 as more time is required for the preparation of information to be included in the circular.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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



“Dehenghong”	Chengdu Dehenghong Commercial Management Co., Ltd.* (成都德恒鴻商業管理有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Desun Gaoxin”	Chengdu Desun Gaoxin Real Estate Co., Ltd.* (成都德商高欣置業有限公司), a company established in the PRC with limited liability which is ultimately controlled by Mr. Zou Kang (the non-executive Director and a controlling shareholder of the Company) and Ms. Zou Jian (a controlling shareholder of the Company), and hence a connected person of the Company
“Desun Yongrun”	Chengdu Desun Yongrun Commercial Management Co., Ltd.* (成都德商永潤商業管理有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Desun Yuanhong”	Chengdu Desun Yuanhong Commercial Management Co., Ltd.* (成都德商遠泓商業管理有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company to consider and approve, among other things, the Yujing Lease Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HKFRS 16”	the Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants, which sets out the principles for the recognition, measurement, presentation and disclosure of leases
“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 on the Yujing Lease Agreements and the transaction contemplated thereunder

“Independent Financial Adviser” or “Sommerley”	Sommerley Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Yujing Lease Agreements and the transaction contemplated thereunder
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“Independent Shareholders”	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 Yujing Lease Agreements and the transaction contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“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
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yujing Lease Agreements”	comprising the Yujing Lease Agreement I, Yujing Lease Agreement II and Yujing Lease Agreement III

“Yujing Lease Agreement I”	the lease agreement entered into on 4 November 2022 between Desun Yuanhong and Desun Gaoxin with respect to the lease of the Yujing Leased Premises I
“Yujing Lease Agreement II”	the lease agreement entered into on 4 November 2022 between Desun Yongrun and Desun Gaoxin with respect to the lease of the Yujing Leased Premises II
“Yujing Lease Agreement III”	the lease agreement entered into on 4 November 2022 between Dehenghong and Desun Gaoxin with respect to the lease of the Yujing Leased Premises III
“Yujing Leased Premises”	comprising the Yujing Leased Premises I, Yujing Leased Premises II and Yujing Leased Premises III
“Yujing Leased Premises I”	the 3rd to 12th floors of the property located at Building 6, No. 158, Guandong 3rd Street, Shuangliu District, Chengdu, PRC
“Yujing Leased Premises II”	the 13th to 22nd floor of the property located at Building 6, No. 158, Guandong 3rd Street, Shuangliu District, Chengdu, PRC
“Yujing Leased Premises III”	the 23rd to 31st floors of the property located at Building 6, No. 158, Guandong 3rd Street, Shuangliu District, Chengdu, PRC
“%”	per cent

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

Hong Kong, 4 November 2022

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

\* *For identification purpose only*