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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF EQUITY INTEREST IN JOINT VENTURE

THE DISPOSAL

Reference is made to the announcement of the Company dated 11 September 2023 in relation to, among other things, the entering into the Investment Cooperation Agreement by Chengdu Fengzhi and QD Wufeng in respect of the formation of the Joint Venture.

On 1 December 2023, Chengdu Fengzhi, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with QD Wufeng, pursuant to which Chengdu Fengzhi agreed to sell 11% equity interest in the Joint Venture held by it to QD Wufeng at a consideration of RMB4,400,000. Upon the completion of the Disposal, the Joint Venture will be held as to 49% by Chengdu Fengzhi and 51% by QD Wufeng and will cease to be a subsidiary of the Group so that the financial results of the Joint Venture will no longer be consolidated into the Company's financial statements.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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MAJOR TERMS OF THE EQUITY TRANSFER AGREEMENT

The major terms of the Equity Transfer Agreement are set out as follows:

Date

1 December 2023

Parties

(a) Chengdu Fengzhi

(b) QD Wufeng

Subject Matter

Pursuant to the Equity Transfer Agreement, Chengdu Fengzhi agreed to sell and QD Wufeng agreed to purchase 11% equity interest in the Joint Venture.

Consideration

Pursuant to the terms of the Equity Transfer Agreement, the consideration payable by QD Wufeng is RMB4,400,000 and shall be satisfied by way of cash before 8 December 2023. The parties to the Equity Transfer Agreement shall submit the relevant documents to the Industry and Commerce for the change of registration in respect of change in equity interest and amendment to the articles of association of the Joint Venture within three days after the signing of the Equity Transfer Agreement.

The consideration of the Disposal was determined by the parties to the Equity Transfer Agreement on the basis of normal commercial terms and after arm's length negotiations between the parties as well as with reference to the paid-up registered capital of the Joint Venture as at 30 November 2023, which was in the amount of RMB40,000,000.

Corporate Governance of the Joint Venture after the Disposal

Power of the general meeting

Pursuant to the Equity Transfer Agreement, matters such as amendments to the articles of association of the Joint Venture, the increasing or reduction of the registered capital of the Joint Venture, merger, demerger, liquidation or changes in corporate form of the Joint Venture, pledge of equity interest in the Joint Venture, provision of external guarantees, provision of external loans and external financing shall be subject to the approval by more than two-third of the voting rights of the Joint Venture's shareholders.

Composition of the board of directors of the Joint Venture

Pursuant to the Equity Transfer Agreement, the board of directors of the Joint Venture shall have three members, one of whom shall be appointed by Chengdu Fengzhi and two of whom shall be appointed by QD Wufeng. The chairman of the board of directors of the Joint Venture shall be nominated by QD Wufeng and the vice chairman of the board of directors of the Joint Venture shall be nominated by Chengdu Fengzhi who will be responsible for the financial and legal affairs of the Joint Venture.

Other Personnel

Pursuant to the Equity Transfer Agreement, Chengdu Fengzhi will appoint one supervisor to the Joint Venture for serving a term of three years.

Profit distribution of the Joint Venture

Pursuant to the Equity Transfer Agreement, it is agreed by the parties to the Equity Transfer Agreement that, the net profits of the Joint Venture shall be distributed on pro rata basis per annum starting from the third anniversary of the establishment of the Joint Venture provided that the legal reserve has been held in accordance with the applicable laws and regulations and the articles of association of the Joint Venture. In principle, no less than 80% of the undistributed profits shall be used for profit distribution unless any adjustment is needed in the event of special circumstances arising in the course of operation. Chengdu Fengzhi and QD Wufeng shall be entitled to the distributed profits on pro rata basis.

Transfer of Equity Interests in the Joint Venture

Both parties agree that regardless of whether the Joint Venture's operating term has expired, when the cumulative losses of the Joint Venture reach 30% of the registered capital of the Joint Venture, the Joint Venture shall undergo liquidation through the legally prescribed procedures. Shareholders who do not agree to the liquidation shall have the right to purchase the equity of the other shareholder at a price determined based on the net assets of the Joint Venture as audited by a third-party auditing firm appointed by the Joint Venture (or jointly audited net assets and agreed upon within 30 days by the both parties) and the ownership proportion of the transferring party.

Effectiveness

The Equity Transfer Agreement shall become effective upon signing.

Miscellaneous

In the event of inconsistency between the Equity Transfer Agreement and the Investment Cooperation Agreement, the Equity Transfer Agreement shall prevail. Any matters not covered in the Equity Transfer Agreement shall be governed by the Investment Cooperation Agreement.

INFORMATION OF THE JOINT VENTURE

The Joint Venture is a company established in the PRC with limited liability. The registered capital of the Joint Venture is RMB100,000,000 with RMB40,000,000 of the registered capital has been paid up as at the date of this announcement. As at the date of this announcement, the Joint Venture is held as to 60% by Chengdu Fengzhi and 40% by QD Wufeng. The Joint Venture was established to carry out live streaming business and attract investment to and operate a live streaming industrial park based in Sichuan Tianfu New District. The Joint Venture was established on 10 October 2023, the net asset value of the Joint Venture as at 30 November 2023 were RMB40,000,000, and for the period from its establishment to 30 November 2023, the Joint Venture did not generate any profit.

On 11 September 2023, Chengdu Fengzhi and QD Wufeng entered into the Investment Cooperation Agreement in respect of the formation of the Joint Venture, pursuant to which, Chengdu Fengzhi shall contribute 60% (i.e. RMB60,000,000) and QD Wufeng shall contribute 40% (i.e. RMB40,000,000) of the registered capital of the Joint Venture, the amount of the capital contribution of which were determined by reference to the expected working capital required for the Joint Venture.

INFORMATION ON THE GROUP AND THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

The Group

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

Chengdu Fengzhi

Chengdu Fengzhi is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is mainly engaged in information consultancy service and technology consultancy service.

QD Wufeng

QD Wufeng is a company established in the PRC with limited liability. QD Wufeng is a global technology and platform driven communication agency, and its businesses include e-commerce live broadcast, e-sports pan-entertainment, virtual idol, content incubation and marketing and new MCN+. As at the date of this announcement, QD Wufeng was owned as to approximately 43.0781% by Mr. Wu Difei (吳迪飛). The shareholding of each of the remaining 12 shareholders in QD Wufeng does not exceed 15%, including Tibet Desun Investment Co., Ltd* (西藏德商投資有限公司), a connected person of the Company, which holds approximately 5.1852% in QD Wufeng.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, QD Wufeng and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, the Joint Venture will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Company's financial statements.

Since the Joint Venture has not yet commenced its business operation, the Disposal will not generate any realised gains for the Group nor will it have any financial effect.

The Board intends to apply the net proceeds from the Disposal to replenish the working capital of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

QD Wufeng intends to consolidate the Joint Venture into its financial statements due to its strategic adjustments and recent capital operation plan. If the relevant capital operation plan succeeds, it will be beneficial in driving the development of the Joint Venture and the digital creative base project, and therefore generating better investment returns for the Group.

The Directors (including independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the transaction contemplated thereunder are conducted on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of Directors of the Company
“Chengdu Fengzhi”	Chengdu Fengzhi Technology Co., Ltd* (成都風知科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Company”	Desun Real Estate Investment Services Group Co., Ltd. (德商產投服務集團有限公司) (formerly known as Desun Real Estate Investment Services Limited), an exempted company incorporated in the Cayman Islands with limited liability on 10 December 2020
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the 11% equity interest in the Joint Venture by Chengdu Fengzhi to QD Wufeng under the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into by Chengdu Fengzhi and QD Wufeng on 1 December 2023 in respect of the Disposal
“Group”	the Company and its subsidiaries
“Investment Cooperation Agreement”	the investment cooperation agreement entered into by Chengdu Fengzhi and QD Wufeng in respect of the formation of the Joint Venture on 11 September 2023
“Joint Venture”	Sichuan Derui Fengtu Technology Co., Ltd.* (四川德睿鋒途科技有限公司), the joint venture set up between Chengdu Fengzhi and QD Wufeng pursuant to the Investment Cooperation Agreement

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	The People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“QD Wufeng”	Qingdao Shuzhi Wufeng Scientific Co., Ltd.* (青島數智無鋒科技有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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, 1 December 2023

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