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## **CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING**

References are made to (i) the prospectus issued by Sino-Ocean Service Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 7 December 2020 (the "**Prospectus**") in relation to the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing**"), which sets out the intended use of the net proceeds from the Listing (the "**Net Proceeds**") at the time of preparing the Prospectus, and (ii) the interim report of the Company for the six months ended 30 June 2022 (the "**2022 Interim Report**"), in which the utilisation of the Net Proceeds up to 30 June 2022 was disclosed. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2022 Interim Report.

The board of directors of the Company (the "**Board**") hereby announces that it has resolved to change the use of the Net Proceeds. Details of the original allocation and the revised allocation of the Net Proceeds are set out below.

### **USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS**

As disclosed in the section headed "FUTURE PLANS AND USE OF PROCEEDS" in the Prospectus, the Net Proceeds were intended to be used for the following purposes:

- about 60% of the Net Proceeds would be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Company's property management business;
- about 20% of the Net Proceeds would be used to develop smart community by upgrading the Company's systems for smart management, aiming to enhance the operational efficiency and user experience for its property management services and community value-added services;
- about 10% of the Net Proceeds would be used to enhance the Company's level of digitisation and internal information technology infrastructure; and
- about 10% of the Net Proceeds would be used towards working capital and general corporate purposes.

The Net Proceeds received by the Company, after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the Listing, were approximately HK\$1,691.7 million (equivalent to approximately RMB1,426.3 million).

As disclosed in the section headed “Use of net proceeds from listing” in the 2022 Interim Report, the Company had utilised approximately RMB281.2 million of the Net Proceeds up to 30 June 2022 in the manner disclosed in the 2022 Interim Report.

## RECENT TRANSACTIONS

References are made to (i) the announcement of the Company dated 14 October 2022 (the “**Exclusive Parking Space Sales Agency Services Announcement**”) in relation to, among others, the entering into of the Supplemental CP Framework Agreement (as defined in the Exclusive Parking Space Sales Agency Services Announcement) and the New CP Framework Agreement (as defined in the Exclusive Parking Space Sales Agency Services Announcement) in respect of which the Group would provide sales agency services with respect to parking spaces identified and agreed between the Group and the Sino-Ocean Connected Persons (as defined in the Exclusive Parking Space Sales Agency Services Announcement) on an exclusive basis and that the Group shall pay fully refundable deposits to the Sino-Ocean Connected Persons for obtaining the exclusive sales rights in respect of such parking spaces; (ii) the announcement of the Company dated 11 November 2022 (the “**Commercial Property Leasing and Operation Announcement**”) in relation to, among others, the entering into of the Commercial Property Leasing and Operation Agreement (as defined in the Commercial Property Leasing and Operation Announcement) regarding the leasing by the Group from a subsidiary of Sino-Ocean Group (as defined in the Commercial Property Leasing and Operation Announcement) of a commercial property for operation and management on an as-is basis; and (iii) the announcement of the Company dated 11 November 2022 (the “**Properties Acquisition Announcement**”, together with the Exclusive Parking Space Sales Agency Services Announcement and the Commercial Property Leasing and Operation Announcement, the “**Announcements**”) in relation to, among others, the entering into of the Sale and Purchase Agreements (as defined in the Properties Acquisition Announcement) regarding the Group’s acquisition of properties from certain subsidiaries of Sino-Ocean Group which will be occupied by the Group as its self-use office premises. For further details, please refer to the Announcements.

## CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the unutilised Net Proceeds (the “**Unutilised Net Proceeds**”) amounted to approximately RMB547.3 million. On 11 November 2022, the Board resolved to change the use and allocation of the Unutilised Net Proceeds. An analysis of the utilisation of the Net Proceeds as at the date of this announcement and the proposed change in the use of the Unutilised Net Proceeds is set out as below:

<b>Business objectives</b>	<b>Planned use of Net Proceeds as disclosed in the Prospectus</b> <i>RMB' million (approximately)</i>	<b>Utilised Net Proceeds as at the date of this announcement</b> <i>RMB' million (approximately)</i>	<b>Unutilised Net Proceeds as at the date of this announcement</b> <i>RMB' million (approximately)</i>	<b>Proposed application of the Unutilised Net Proceeds</b> <i>RMB' million (approximately)</i>
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Company's property management business	855.8	663.3	192.5	—
To develop smart community by upgrading the Company's systems for smart management	285.3	28.3	257.0	—
To enhance the Company's level of digitisation and the Company's internal information technology infrastructure	142.6	44.8	97.8	15.0
Working capital and general corporate purpose	142.6	142.6	0	—
Further expansion of and diversification into value-added services, including (i) the acquisition of exclusive sales rights for parking spaces pursuant to the Supplemental CP Framework Agreement and the New CP Framework Agreement, and/or (ii) the investment in and/or acquisition of target(s) that provide complementary value-added services and other upstream and downstream business synergies	—	—	—	375.5
Further expansion of the business of commercial asset operation pursuant to the arrangement under the Commercial Property Leasing and Operation Agreement	—	—	—	79.4
Acquisition of self-use office premises pursuant to the Sale and Purchase Agreements	—	—	—	77.4
<b>Total</b>	<b>1,426.3</b>	<b>879.0</b>	<b>547.3</b>	<b>547.3</b>

The Unutilised Net Proceeds are expected to be utilised on or before 31 March 2023. The completion time of using such proceeds will be determined based on the Company's actual business needs and future business development.

Save for the aforesaid changes, there is no other change in the use of the Net Proceeds.

## **REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS**

The Group is a comprehensive property management service provider with extensive geographic coverage in the PRC. While the Group continues to expand and optimise its traditional property management business, it has also been exploring ways to expand its scope of services for the purposes of increasing its overall competitiveness and consolidating its market position. The Company thrives to remain profitable and competitive by consolidating its resources and diversifying its operations to achieve sustainable profitability growth. Since the Listing, the Group has been putting efforts in expanding its value-added services and other property-management-related services. The Company has established a commercial asset management platform since the second half of 2021 and commenced the business of the provision of commercial asset operational services as an extension of and a complement to its offering of traditional property management services. As an enhancement and expansion of the Group's value-added services, the Group has also commenced the provision of sales agency services with respect to certain parking spaces of the Sino-Ocean Connected Persons on an exclusive basis by adopting the deposits payment arrangement since the second half of 2021. The results brought about by these transactions were promising and have brought in additional sources of revenue and profits to the Group.

The Company has been continuously monitoring and assessing the use of the Net Proceeds. Since the Listing, the Company has been actively pursuing potential opportunities of the acquisition of, and investment in, property management companies available in the market and has utilised over 75% of the Net Proceeds which was originally earmarked for pursuing selective strategic investment and acquisition opportunities and further developing strategic alliances and expanding the scale of the Company's property management business. Nevertheless, as at the date of this announcement, the Company has not yet identified any other suitable acquisition targets in the market that are in line with the merger and acquisition strategy of the Company, resulting in a low efficiency of the use of the Net Proceeds. The Company has also utilised part of the Net Proceeds for the establishment of an overall platform with respect to the development of smart community by upgrading the Company's systems for smart management, and the enhancement of the Company's level of digitisation and the Company's internal information technology infrastructure. Besides, after the Listing, the Company has continuously optimised its informatisation construction blueprint planning and utilised Sino-Ocean Group's existing mature systems with synergy effect to the fullest extent to realise the rapid implementation of the informatisation systems and cost savings, thereby reducing the overall capital investment required from the Group for upgrading the systems and information technology infrastructure. Further, with the increasingly competitive landscape in the property management industry in the PRC and the rise in operation costs brought about by the Covid-19 pandemic, the Company has taken a more conservative approach and has been exploring means with comparatively less capital commitment and manageable risks to better utilise the Unutilised Net Proceeds and increase the proportion of businesses that could bring about a more stable source of income, with a view to bringing about considerable returns to the Shareholders.

On the basis of the above, in order to improve the efficiency and to optimise the use of the Unutilised Net Proceeds, the Board has resolved to reallocate approximately RMB532.3 million out of a total of approximately RMB547.3 million from the Unutilised Net Proceeds towards (i) the further expansion of and diversification into value-added services; (ii) the further expansion of the business of commercial asset operation; and (iii) the acquisition of self-use office premises as set out in the table above.

### **Further expansion of and diversification into value-added services**

The Group has been providing parking space sales agency services on a non-exclusive basis as part of its value-added services. Since the second half of 2021, the Group has also commenced the provision of sales agency services with respect to certain parking spaces of the Sino-Ocean Connected Persons on an exclusive basis by adopting the deposits payment arrangement as an enhancement and expansion of the Group's value-added services. Such arrangement was proved to have a positive impact on the revenue and profits of the Group and as such, on 14 October 2022, the Company entered into the Supplemental CP Framework Agreement and the New CP Framework Agreement with Sino-Ocean Group for the purposes of, among others, revising the deposit cap amount for the year ending 31 December 2022 and continuing the arrangement for the three years ending 31 December 2025, details of which have been set out in the Exclusive Parking Space Sales Agency Services Announcement. The deposits payment arrangement pursuant to the Supplemental CP Framework Agreement and the New CP Framework Agreement is in line with the overall business development and expansion strategy of the Group in further expanding its value-added services, and would allow the Group to continue to benefit from the stable revenue generated thereunder and enhance the overall profitability of the Group, thereby bringing about potential considerable returns to the Shareholders.

In the meantime, the Group has also been exploring additional means to further expand and diversify its value-added services. In the event there are excess Unutilised Net Proceeds after applying the same for the payment of deposits for the acquisition of exclusive sales rights for certain parking spaces of the Sino-Ocean Connected Persons under the Supplemental CP Framework Agreement and the New CP Framework Agreement, the Company proposes to apply the remaining amount of the Unutilised Net Proceeds for investment in and/or acquisition of target(s) that provide complementary value-added services and other upstream and downstream business synergies. In the event that any such proposed investment or acquisition materialises, the Company will make further announcement as and when appropriate in accordance with the Listing Rules.

### **Further expansion of the business of commercial asset operation**

To further expand the business scale and diversify the service offerings of the Group and as part of the organic growth of the Group's business, the Company has established a commercial asset management platform since the second half of 2021 and commenced the business of the provision of commercial asset operational services as an extension of and a complement to traditional property management services. With the accumulating operational experience in commercial asset management, the commercial asset operation team of the Group has gained stronger asset business canvassing and operation capabilities. With a view to further expanding the Group's asset operation business and further enhancing the Group's business scale and profitability in asset operation, on 11 November 2022, the Group entered into the Commercial Property Leasing and Operation Agreement to adopt the arrangements thereunder to develop the new business model of overall contracting commercial assets for one-stop operation and management as an extension of its existing commercial asset management business, details of

which have been set out in the Commercial Property Leasing and Operation Announcement. The Commercial Property Leasing and Operation Agreement and the transactions as contemplated thereunder would allow the Group to launch a new business model for its existing commercial asset management business in providing commercial asset one-stop operation and management services, which is in line with the objective of the Group to enhance its commercial asset operation scale and capabilities, and is expected to allow the Group to expand its asset operation business, further enlarge its commercial asset management portfolio and exercise its commercial asset operation capabilities in various scenarios, thereby bringing about a positive impact on the marketisation of the Group's brand in commercial asset operation and management and thus facilitating the promotion and expansion of the Group's commercial asset operation and management business in a long run.

Taking into account the aforesaid, the Company considers that the arrangements under the Supplemental CP Framework Agreement, the New CP Framework Agreement and the Commercial Property Leasing and Operation Agreement present comparatively more readily available business opportunities with more guaranteed returns as compared to the original intended use of the Net Proceeds, and the associated risks thereunder are comparatively more manageable. The change in use of proceeds for such transactions is expected to allow the Group to diversify its business profile and service offerings having taken into account the Group's expansion plans and better utilise its Net Proceeds to bring about considerable returns to the Shareholders.

#### **Acquisition of self-use office premises**

With the rapid development and growth of the Group in recent years, the current head office of the Group in Beijing, the PRC has been utilised to its full capacity and the current regional office of the Group in Zhongshan, the PRC had to be moved to Shenzhen, the PRC to meet the business expansion needs. As part of the Group's plan to further expand its business scale and diversify its service offerings, the Group intends to expand its overall office space and network in the PRC, so as to fulfill its operation needs and to cater for its growing workforce in a cost-efficient manner. Accordingly, on 11 November 2022, the Group entered into the Sale and Purchase Agreements for the acquisitions of properties which will be occupied by the Group as its self-use office premises, details of which have been set out in the Properties Acquisition Announcement. The acquisitions of office premises would also help eliminate the Group's rental expenses incurred for the existing leased office spaces and any costs, time and efforts associated with the possible office relocation in the long run in view of the business development and expansion plans of the Group.

Having taken into account the aforesaid factors, the Board considers that the change in use of the Unutilised Net Proceeds allows the Group to optimise the use of the Unutilised Net Proceeds and will enable the Group to implement its business strategies in a more effective manner so as to better respond to fast-evolving market trends and to enhance the competitiveness of the Group.

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. The Board considers the above change in the use of the Unutilised Net Proceeds is fair and reasonable as this would allow the Company to deploy its financial resources more effectively to reduce the operation costs of the Group and enhance the profitability of the Group and is therefore in the interests of the Group and the Shareholders as a whole.

The Board will continuously assess the plan for the use of the Unutilised Net Proceeds and may revise or amend such plan where necessary to cope with changes in market conditions so as to strive for better business performance.

By Order of the Board  
**Sino-Ocean Service Holding Limited**  
**YANG Deyong**  
*Joint Chairman*

Hong Kong, 11 November 2022

*As at the date of this announcement, the Board comprises Mr. Yang Deyong and Ms. Zhu Geying as executive Directors, Mr. Cui Hongjie and Mr. Zhu Xiaoxing as non-executive Directors, and Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung as independent non-executive Directors.*