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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) CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING AND (2) CHANGE OF CHIEF FINANCIAL OFFICER

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

References are made to (i) the prospectus of Desun Real Estate Investment Services Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 November 2021 (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 “**Stock Exchange**”); and (ii) the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report**”), in which the utilization of the net proceeds raised from the global offering of the Company as at 31 December 2022 was disclosed. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Annual Report.

Use of Proceeds

As disclosed in the Prospectus, the Company intended to use proceeds from the Global Offering for the following purposes:

- (i) approximately 60% of the net proceeds from the Global Offering is intended to be used for making strategic investments and acquisitions to expand the Group’s property management and commercial operational businesses;
- (ii) approximately 20% of the net proceeds from the Global Offering is intended to be used for investing in information technology systems and human resources to support technology systems;

- (iii) approximately 10% of the net proceeds from the Global Offering is intended to be used for recruiting and cultivating talents, including management and professionals for the Group’s principal business; and
- (iv) approximately 10% of the net proceeds from the Global Offering is intended to be used as working capital and for general corporate uses.

The net proceeds from the Listing, after deducting underwriting fees and commissions and relevant expenses, amounted to approximately HK\$176.1 million.

Change in Use of Proceeds

Taking into account the Company’s latest business strategy, market conditions and the latest estimate of the time required for each business project to meet the requirements for the stable and sustainable development of each business project, the Board has resolved on 30 August 2023 to (i) change the intended use of Net Proceeds for “strategic investments and acquisitions to expand the Group’s property management and commercial operational businesses” to “strategic investments and acquisitions to expand the Group’s property management and commercial operational businesses, office building and community operation and management and home furnishing and decoration services”; and (ii) revise the intended timetable for use of the unutilized Net Proceeds (the “**Proposed Change**”). Details of the intended use of the Net Proceeds after the Proposed Change are set out below:

Intended use of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Percentage of total Net Proceeds	Amount of utilized Net Proceeds from Listing up to the date of this announcement (HK\$ million)	Amount of unutilized Net Proceeds as at the date of this announcement (HK\$ million)	Intended timetable for use of the unutilized Net Proceeds following the Proposed Change
(i) Strategic investments and acquisitions to expand the Group’s property management and commercial operational businesses, office building and community operation and management and home furnishing and decoration services ^{Note}	105.7	60%	0	105.7	December 2025

Intended use of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Percentage of total Net Proceeds	Amount of utilized Net Proceeds from Listing up to the date of this announcement (HK\$ million)	Amount of unutilized Net Proceeds as at the date of this announcement (HK\$ million)	Intended timetable for use of the unutilized Net Proceeds following the Proposed Change
(ii) Investing in information technology systems and human resources to support information technology systems	35.2	20%	2.0	33.2	—
• upgrading and developing the Group's internal information technology system					
o Upgrade financial operation center	1.8	1%	0.2	1.6	December 2024
o Upgrade property management system including management fee payment system, operation system, marketing system and resources management system	3.5	2%	1.0	2.5	December 2024
o Upgrade cloud infrastructure	3.5	2%	0.1	3.4	December 2024
• upgrading and developing business operating system					
o Upgrading Internet-of-things system including facilities and equipment smart management system, smart car parking system and customer management system	8.8	5%	0.7	8.1	December 2024
o Develop BI digital operation center	10.2	6%	0	10.2	December 2024
o Develop artificial intelligence commercial operation service system and hardware	7.4	4%	0	7.4	December 2024

Intended use of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Percentage of total Net Proceeds	Amount of	Amount of	Intended timetable for use of the unutilized Net Proceeds following the Proposed Change
			utilized Net Proceeds from Listing up to the date of this announcement (HK\$ million)	unutilized Net Proceeds as at the date of this announcement (HK\$ million)	
(iii) Recruiting and cultivating talents, including management and professionals for our principal business	17.6	10%	13.4	4.2	December 2023
(iv) Working capital and for general corporate uses	17.6	10%	7.7	9.9	December 2024
Total	<u>176.1</u>	<u>100%</u>	<u>23.1</u>	<u>153</u>	—

Note: As disclosed in the interim results announcement of the Company dated 30 August 2023, the businesses of the Company are organised into four operating segments, namely (a) property services segment, which mainly includes property management services and other value-added services; (b) commercial operation and management segment, which mainly includes commercial operational services, commercial property management and other related services; (c) home furnishing and decoration services segment, which mainly includes home furnishing, home furnishing and decoration services; and (d) office building and community operation and management segment mainly engages in office building sublease services and co-operative operations.

Reasons for and Benefits of the Change in Use of Proceeds

The Board believes that the Proposed Change is in line with the existing business strategy of the Group and will not materially affect the operation and business of the Group. The Board considers the Proposed Change is fair and reasonable as this would allow the Group to deploy its financial resources more effectively to improve 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 unutilized Net Proceeds and may revise or amend such plan where necessary to cope with the changing market conditions and strive for better business performance of the Group.

CHANGE OF CHIEF FINANCIAL OFFICER

Resignation of Chief Financial Officer

The Board hereby announces that Ms. Xiong Jianqiu (“**Ms. Xiong**”) has tendered her resignation as the chief financial officer of the Company (the “**Chief Financial Officer**”) with effect from 30 August 2023 in order to devote more time to her other work commitments within the Group. After her resignation as the Chief Financial Officer, Ms. Xiong will remain as an executive Director. Ms. Xiong has confirmed to the Board that she has no disagreement with the Board and there are no other matters relating to her resignation as the Chief Financial Officer that needs to be brought to the attention of the Shareholders or the Stock Exchange.

The Board would like to express its sincere gratitude to Ms. Xiong for her contributions as the Chief Financial Officer to the sustainable, stable and healthy development of the Company.

Appointment of Chief Financial Officer

The Board further announces that with effect from 30 August 2023, Mr. Yang Wen (“**Mr. Yang**”) has been appointed as the Chief Financial Officer.

The biographical details of Mr. Yang are as follows:

Mr. Yang Wen, aged 40, joined the Company in April 2021 as the deputy director of the financial management center of the Company, at which he is responsible for the overall financial affairs of the Company. Prior to joining the Company, Mr. Yang served as a chief financial officer of the proposed listing segment of USUNHOME Group Co., Ltd.* (域上和美集團有限公司), a company which is principally engaged in cultural tourism and creative industries, from January 2017 to December 2020. Mr. Yang was responsible for the financial matters related to listing. From August 2009 to December 2016, Mr. Yang worked at Honghua Group Co., Ltd. (宏華集團有限公司) (Stock Code: 0196), a company listed on the Stock Exchange principally engaged in oil and gas exploration and development equipment manufacturing and drilling engineering services. He served on various positions including the assistant of the group’s chief financial officer which he was responsible for the company’s group financing, credit granting, capital management and financial budgeting. Mr. Yang worked as a manager of the internal audit department of Sime Darby Berhad (森那美集團) from January 2009 to July 2009. Mr. Yang also worked at KPMG in China from August 2006 to November 2008, where he served on various positions among which his last position was assistant manager. Mr. Yang obtained a bachelor’s degree in accounting management and minor in transportation and logistics economics from the University of International Business and Economics. Mr. Yang is a certified public accountant and holds the qualification certificate for serving as the secretary to the board of directors issued by the Shenzhen Stock Exchange.

The Board would like to congratulate Mr. Yang on his new role as the Chief Financial Officer.

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, 30 August 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*