DESUN 德商产投服务
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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)

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, among other things, the proposed use of the net proceeds to the Company from the global offering (the "**Global Offering**") of the Company (the "**Net Proceeds**"); (ii) the interim report of the Company for the six months ended 30 June 2024 (the "**Interim Report**"), in which the utilization of the Net Proceeds as at 30 June 2024 was disclosed; and (iii) the announcement of the Company dated 30 August 2023 (the "**Announcement**") in relation to, among other things, the change in use of the Net Proceeds. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus, the Interim Report and the Announcement.

THE FIRST CHANGE IN USE OF NET PROCEEDS

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

As disclosed in the Announcement, on 30 August 2023, the Board has resolved 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 "**First Change in Use of Net Proceeds**"). For further details, please refer to the Announcement.

As disclosed in the Interim Report, details of the intended use of Net Proceeds after the First Change in Use of Net Proceeds and the utilization of the Net Proceeds as at 30 June 2024 are set out below:

Intended use of Net Proceeds	Allocation of Net Proceeds *(HK$ million)*	Percentage of total Net Proceeds	Amount of unutilised Net Proceeds as at 1 January 2024 *(HK$ million)*	Amount of Net Proceeds utilised during the six months ended 30 June 2024 *(HK$ million)*	Balance of Net Proceeds unutilised as at 30 June 2024 *(HK$ million)*	Intended timetable for use of the unutilised Net Proceeds
(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	105.7	60%	105.7	0.0	105.7	December 2025
(ii) Investing in information technology systems and human resources to support information technology systems	35.2	20%	31.5	1.9	29.6	
• Upgrading and developing the Group's internal information technology system						
o Upgrade financial operation centre	1.8	1%	1.4	0.7	0.7	December 2024
o Upgrade property management system including management fee payment system, operation system, marketing system and resources management system	3.5	2%	1.6	0.8	0.8	December 2024
o Upgrade cloud infrastructure	3.5	2%	3.2	0.2	3.0	December 2024
• Upgrading and developing business operating system						
o Upgrade Internet-of-things system including facilities and equipment smart management system, smart car parking system and customer management system	8.8	5%	7.6	0.2	7.4	December 2024
o Develop BI digital operation centre	10.2	6%	10.2	0.0	10.2	December 2024
o Develop artificial intelligence commercial operation service system and hardware	7.4	4%	7.4	0.0	7.4	December 2024

Intended use of Net Proceeds	Allocation of Net Proceeds (HK$ million)	Percentage of total Net Proceeds	Amount of unutilised Net Proceeds as at 1 January 2024 (HK$ million)	Amount of Net Proceeds utilised during the six months ended 30 June 2024 (HK$ million)	Balance of Net Proceeds unutilised as at 30 June 2024 (HK$ million)	Intended timetable for use of the unutilised Net Proceeds
(iii) Recruiting and cultivating talents, including management and professionals for our principal business	17.6	10%	0.1	0.1	0.0	December 2024
(iv) Working capital and for general corporate uses	17.6	10%	9.4	4.0	5.4	December 2024
Total	176.1	100%	146.7	6.0	140.7	

FURTHER CHANGE IN USE OF NET PROCEEDS

Amid the dual challenges of an adjustment period in the property industry and intensifying competition, the Group is placing a greater focus on steady and sustainable development. Accordingly, the Group has adopted a more prudent and business-aligned investment strategy. At the same time, the Group is proactively implementing a talent strategy to attract and cultivate outstanding personnels, thereby strengthening the Group's core competitiveness and infusing vitality into its long-term growth. Therefore, based on a comprehensive consideration of the aforementioned factors along with the actual efficiency of usage across various purposes, the Group has decided to adjust and reallocate the intended use of Net Proceeds. The Board has resolved on 18 December 2024 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, office building and community operation and management and home furnishing and decoration services" to "strategic investments and acquisitions to expand the Group's business scope and scale"; (ii) include a category of "strategic spending to facilitate the expansion and development of the Group's business" for the intended use of Net Proceeds; (iii) change the intended use of Net Proceeds for "recruiting and cultivating talents, including management and professionals for our principal business" to "recruiting and cultivating talents, including but not limited to management and professionals for the Group's principal business, and the personnel incentives of the Group (including but not limited to share award scheme)"; (iv) reallocate 40% of the Net Proceeds originally allocated 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 10% of the Net Proceeds originally allocated to "investing in information technology systems and human resources to support information technology systems" to "strategic spending to facilitate the expansion and development of the Group's business", "recruiting and cultivating talents, including but not limited to management and professionals for the Group's principal business, and the personnel incentives of the Group (including but not limited to share award scheme)" and "working capital and for general corporate uses". Specifically, 30% will be directed towards "strategic spending to facilitate the expansion and development of the Group's business", 10% will be directed towards "recruiting and cultivating talents, including but not limited to management and professionals for the Group's principal business, and the personnel incentives of the Group (including but not limited to share award scheme)" and 10% will be directed towards "working capital and for general corporate uses"; and (v) revise the intended timetable for use of the unutilized Net Proceeds (the "**Proposed Change**"). Details of the intended use of Net Proceeds after the Proposed Change are set out below:

Intended use of Net Proceeds		Allocation of Net Proceeds following the Proposed Change *(HK$ million)*	Percentage of total Net Proceeds	Amount of utilized Net Proceeds from Listing up to 30 November 2024 *(HK$ million)*	Amount of unutilized Net Proceeds as of 30 November 2024 *(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 business scope and scale	35.22	20%	0	35.22	December 2027
(ii)	Strategic spending to facilitate the expansion and development of the Group's business	52.83	30%	0	52.83	December 2027
(iii)	Investing in information technology systems and human resources to support information technology systems*(note)*	17.61	10%	7.50	10.11	December 2027
(iv)	Recruiting and cultivating talents, including but not limited to management and professionals for the Group's principal business, and the personnel incentives of the Group (including but not limited to share award scheme)	35.22	20%	17.61	17.61	December 2026
(v)	Working capital and for general corporate uses	35.22	20%	17.61	17.61	December 2026
Total		176.10	100%	42.72	133.38	

Note: the sub-categories are consolidated to their super-category of "investing in information technology systems and human resources to support information technology systems".

REASONS FOR AND BENEFITS OF FURTHER CHANGE IN USE OF NET PROCEEDS

The Board believes that the Proposed Change is conducive to improving the efficiency of the use of Net Proceeds, enabling the Group to maintain flexibility and liquidity under ever-changing market conditions, and providing financial support for potential new opportunities or challenges. At the same time, the Proposed Change fully harness the initiative, sense of responsibility and mission of the Group's employees to promote the long-term development of the Group.

The Board believes that the Proposed Change is in line with the current business strategy of the Group and will not have any material impact on the operations and business of the Group. The Board considers the Proposed Change is fair and reasonable as it will enable 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.

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

Hong Kong, 18 December 2024

As at the date of this announcement, 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.