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濱江服務

BINJIANG SERVICE

Binjiang Service Group Co. Ltd.

濱江服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3316)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to (i) the prospectus of Binjiang Service Group Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 February 2019 (the “**Prospectus**”) in relation to the global offering (the “**Global Offering**”) and the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited, which sets out the intended use of the net proceeds from the issue of new shares of the Company (the “**Net Proceeds**”) as at the date of the Prospectus, and (ii) the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report**”), which discloses the use of the Net Proceeds as at 31 December 2022. Unless otherwise stated, the terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Annual Report.

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:

- Approximately 35% would be used to acquire property management companies located in major cities in the Yangtze River Delta to further increase the Group’s market share in the existing market, and also in new cities such as Shenzhen to expand the Group’s geographical coverage. In particular, the Group planned to acquire (i) other property management companies which have good market recognition, reputation and development potential, and with revenue exceeding RMB50.0 million or net profit exceeding RMB10.0 million. The Group intended to mainly target property management companies focusing on public facilities and office buildings; and (ii) companies which are engaged in property management related businesses, such as security, cleaning, gardening and maintenance services.

- Approximately 25% would be used to update the Group's management service systems, including digitalizing its office and management systems to increase its administration's operating efficiency, upgrading its client-facing mobile terminal to improve customer experience, developing smart communities and a cloud sharing platform to allow the Group to achieve real-time monitoring of its managed properties and lower operating costs, and recruiting and nurturing talents.
- Approximately 20% would be used to invest in the asset management platform to engage in the operation of industrial parks, which also contain long-term service apartments as ancillary facilities. In the next three years, the Group planned to rent old warehouses and office buildings of no less than 30 thousand sq.m. through public tenders in the asset trading market and by negotiating with property owners and property developers. Further, the Group planned to renew the old warehouses and office buildings to an integrated multifunctional industrial park for business, residence and leisure. Approximately 10% of the industrial park area would be used for long-term service apartments. For the project, the Group expected to spend approximately RMB40.0 million on renovation and approximately RMB5.0 million on office equipment and facilities. The Group also expected to spend approximately RMB10.0 million over the next three years to improve and increase the types of services it provides in these long-term service apartments.
- Approximately 10% would be used to establish joint venture companies or platform through the cooperation with local governments and property developers, and expand the Group's existing cooperating platforms in order to expand market shares in the local markets.
- Approximately 10% would be used to provide funding for the Group's working capital and other general corporate purposes.

CHANGE IN THE USE OF THE PROCEEDS FROM THE GLOBAL OFFERING

As disclosed in the Annual Report, the total unutilized Net Proceeds amounted to approximately HK\$250.5 million as at 31 December 2022 (the “**Unutilised Net Proceeds**”). In view of the reasons stated in the section “Reasons for and benefits of the change in use of proceeds” of this announcement, the board of directors of the Company (the “**Board**”) has resolved and approved the reallocation of the Unutilised Net Proceeds. Details of the new allocation of the Unutilised Net Proceeds are listed as follows:

Use of proceeds	Proposed use of proceeds according to the Prospectus (HK\$ million)	Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	New allocation of the Unutilised Net Proceeds (HK\$ million)
Acquisition of property management companies located in major cities in the Yangtze River Delta to further increase the Group’s market share in the existing market, and also in new cities such as Shenzhen to expand the Group’s geographical coverage	159.4	—	159.4	—
Updating the Group’s management service systems and recruiting and nurturing talents	113.8	113.8	—	125.3
Investment in the asset management platform to engage in the operation of industrial parks	91.1	—	91.1	—
Establishing joint venture companies or platform through the cooperation with local governments and property developers	45.5	45.5	—	75.2
As working capital and for other general corporate purposes	45.5	45.5	—	50
	<u>455.3</u>	<u>204.8</u>	<u>250.5</u>	<u>250.5</u>

The Group expects to fully utilise the Unutilised Net Proceeds by 31 December 2025.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Group is a comprehensive property management service provider, with its operations being mainly concentrated in the Yangtze River Delta region in China, and the Group has always adhered to its mission of providing high-quality services and its quality expansion strategy. Since its listing, the Group has been monitoring the use of the Net Proceeds and actively sought in the market for potential opportunities in acquiring and investing in

property management companies. However, the Group has yet to identify acquisition targets that offers property management services meeting the Group's service quality management needs and could create synergies. In the case of investment in asset management platform to engage in the operation of industrial parks, the Group was not able to reach any agreement on investment-related matters with relevant enterprises after several rounds of assessment making reference to market valuation and the Company's financial management objectives.

For the above reasons, the Group considers that, the reallocation of the Unutilised Net Proceeds to the updating of the Group's management service system and talent recruitment, the establishment of joint venture companies in cooperation with the government and property developers, and as the Group's working capital and other general corporate purposes can enable the Group to deploy its financial resources in a more effective and efficient manner to meet its sustainable development needs of the Group. The Group will continue to focus on its long-term strategic development needs, strengthen the investment and upgrading of the information technology system, continue to recruit talents, establish and improve the talent training system, so as to further improve the Group's capability of offering comprehensive services and improve the user experience of the owners. At the same time, the Group will also strengthen its cooperation with the government, property developers and other parties, and actively expand the business scale of the enterprise.

The Board is of the view that the reallocation of the Unutilised Net Proceeds is fair and reasonable, is in the overall best interests of the Company and its shareholders, and will not have a material adverse impact on the Group's existing business operations. The Board also confirms that there is no material change in the nature of the Group's business as disclosed in the Prospectus.

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

By Order of the Board
Binjiang Service Group Co. Ltd.
Zhu Lidong
Chairman and Executive Director

Hangzhou, the PRC, 29 May 2023

As at the date of this announcement, the Board comprises Mr. Zhu Lidong and Ms. Zhong Ruoqin as executive directors; Mr. Mo Jianhua, Mr. Qi Jiaqi and Mr. Cai Xin as non-executive directors; Mr. Ding Jiangang, Mr. Li Kunjun and Ms. Cai Haijing as independent non-executive directors.