

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Beijing Capital Jiaye Property Services Co., Limited**

**北京京城佳業物業股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2210)**

### **CHANGE IN USE OF PROCEEDS**

Reference is made to the prospectus (the “**Prospectus**”) dated October 29, 2021 of Beijing Capital Jiaye Property Services Co., Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), in relation to the initial public offering of the H shares of the Company for their listing (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Prospectus.

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

As disclosed in the section headed “FUTURE PLANS AND USE OF PROCEEDS” in the Prospectus, the Company proposed to utilise the proceeds from the Listing for the following purposes:

- Approximately 60% will be used to pursue selective strategic investment and acquisition opportunities with property management companies and downstream property management service providers which offer, among others, security, cleaning, or repair and maintenance services;
- Approximately 25% will be used to finance the development of the Group’s value-added services;
- Approximately 10% will be used to develop and upgrade the Group’s information technology infrastructure and intelligent equipment; and
- Approximately 5% will be used to replenish the working capital and for general corporate purposes.

The net proceeds (the “**Proceeds**”) from the Listing amounted to approximately HK\$246.91 million after deduction of the underwriting fees and relevant expenses. As of the date of this announcement, the Group strictly utilised the Proceeds for the purposes as stated in the Prospectus, among which, approximately HK\$95.19 million of the Proceeds has been utilised with approximately HK\$151.73 million of the net proceeds unutilised (the “**Unutilised Proceeds**”). Set out below is the use of Proceeds as of the date of this announcement:

Planned use of the Proceeds as stated in the Prospectus	Percentage of originally planned use over the Proceeds	Proceeds for the originally planned use <i>HK\$ million (approximately)</i>	Actually utilised Proceeds as of the date of this announcement <i>HK\$ million (approximately)</i>	Unutilised Proceeds at of the date of this announcement <i>HK\$ million (approximately)</i>	Originally expected timeline for utilising the Unutilised Proceeds
<b>Strategic investment and acquisition</b>	<b>60%</b>	<b>148.15</b>	<b>9.33</b>	<b>138.82</b>	<b>On or before December 31, 2024</b>
<b>Development of value-added services</b>	<b>25%</b>	<b>61.73</b>	<b>61.73</b>	<b>-</b>	<b>N/A</b>
- Expanding tenant sourcing and management services	15%	37.04	37.04	-	N/A
- Diversifying community value-added services	10%	24.69	24.69	-	N/A
<b>Developing and upgrading the Group’s information technology infrastructure and intelligent equipment</b>	<b>10%</b>	<b>24.69</b>	<b>11.78</b>	<b>12.91</b>	<b>On or before December 31, 2024</b>
- Upgrading internal operation system	4%	9.88	9.88	-	N/A
- Promoting the application of IoT technologies	3%	7.41	-	7.41	On or before December 31, 2024
- Upgrading the Group’s intelligent lifestyle service platform for property owners and residents	3%	7.41	1.90	5.50	On or before December 31, 2024
<b>Working capital and for general corporate purposes</b>	<b>5%</b>	<b>12.35</b>	<b>12.35</b>	<b>-</b>	<b>N/A</b>
<b>Total</b>	<b>100%</b>	<b>246.91</b>	<b>95.19</b>	<b>151.73</b>	

## CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the board (the “**Board**”) of directors (the “**Directors**”) of the Company approved the change in the planned use and allocation of the Unutilised Proceeds. Set out below are details of the revised use of the Unutilised Proceeds:

Planned use of the Proceeds as stated in the Prospectus	Proposed revised use of the Unutilised Proceeds	Percentage of originally planned use over the Proceeds	Utilised Proceeds as at the date of this announcement <i>HK\$ million (approximately)</i>	Unutilised Proceeds as at the date of this announcement <i>HK\$ million (approximately)</i>	Revised Unutilised Proceeds <i>HK\$ million (approximately)</i>	Percentage over revised Unutilised Proceeds	Expected timeline for fully utilising the Unutilised Proceeds
Strategic investment and acquisition	Investments, including strategic acquisitions, joint venture and partnership, and capital increase in subsidiaries	60%	9.33	138.82	91.04	60%	On or before December 31, 2027
Development of value-added services	Development of value-added services	25%	61.73	–	22.76	15%	On or before December 31, 2027
Developing and upgrading the Group’s information technology infrastructure and intelligent equipment	Upgrading the Group’s digital and intelligent management system	10%	11.78	12.91	22.76	15%	On or before December 31, 2027
Working capital and for general corporate purposes	Working capital and for general corporate purposes	5%	12.35	–	15.17	10%	On or before December 31, 2027
<b>Total</b>		<b>100%</b>	<b>95.19</b>	<b>151.73</b>	<b>151.73</b>	<b>100%</b>	

## REASONS AND BENEFITS FOR CHANGE IN USE OF PROCEEDS

### ***Investments including strategic acquisitions, joint venture and partnership, and capital increase in subsidiaries***

The Company originally planned to utilise approximately 60% of the Proceeds (representing approximately HK\$148.15 million) as strategic investment and acquisition. As at the date of this announcement, the actually utilised Proceeds amounted to approximately HK\$9.33 million.

As the first state-owned property management listed company based in Beijing, the Company has projected its first mover advantage in integrating property management resources of municipal state-owned enterprises, and is committed to moulding itself into a branded property management company in Beijing characterized by “Beijing Urban Construction”. Prior to the Listing, the Company started to consolidate municipal property management resources, and has since the Listing been actively promoting the acquisition and mergers of municipal state-owned enterprises, including our active engagement with a number of groups and performances of project due diligence and acquisition feasibility studies. To date, the Company has only selectively completed the acquisition of a property management company that mainly provides property management services to high-end commercial office buildings due to a variety of factors, including the quality and functionalities of the targets, decision-making procedures and market conditions, while continuing to proceed with the work involved in other targets. The acquisition target refers to the 60% equity interests in Beijing Zhuolian Property Management Co., Ltd.\* (北京卓聯物業經營管理有限公司), which was acquired by the Company in April 2022 utilising the Proceeds of approximately HK\$9.33 million. The successful acquisition of the target represents a strategically important milestone to complement the Company’s high-end commercial office buildings and other businesses.

In addition, the Company has been committed to identifying high-quality acquisition targets in the market through various avenues. Following the Listing, the Company has been screening eligible acquisition targets from nearly 20 potential targets in the market by implementing various means including business architecture, financial analysis and legal compliance. However, since the Listing, the Company has chosen to exercise caution in advancing the progress of the acquisition activities in light of various factors, such as the qualification of the targets, rectification cycle, industry background and economic conditions.

Based on the above factors, to enhance the efficiency of the use of funds and optimize the utilisation of the Unutilised Proceeds, the Company proposes to expand the scope of the purpose from the “strategic investments and acquisitions” to “investments including strategic acquisitions, joint venture and partnership, and capital increase in subsidiaries”, and proposes to utilise approximately HK\$91.04 million of the Unutilised Proceeds for such purpose.

Reference is made to the announcement of the Company dated June 21, 2024, in relation to the establishment of Beijing Universities Logistics Services Co., Ltd. (the “**Logistics Services Platform Enterprise**”) by Beijing Urban Construction Group Co., Ltd. (“**BUCG**”), a controlling shareholder of the Company, to receive the gratuitous transfer of equity interests in property logistics enterprises affiliated to Beijing municipal universities and government agencies and public institutions. Pursuant to the undertaking letter issued by BUCG, it will solve the horizontal competition between the Logistics Services Platform Enterprise and the Company through a combination of asset restructuring, equity swap, business adjustments and other means before the end of 2027. In terms of strategic acquisitions, the Company proposes to utilise a portion of the Unutilised Proceeds to carry out the above potential transactions. Furthermore, as a result of an overall economic downturn and in absence of effective market demand, especially with the upstream real estate market remaining under pressure and the existing market exposed to the intensifying competition, the Company will focus on mainly acquiring property management companies that provide property management services to high-quality residential, large-scale public buildings, high-end commercial properties, educational institutions, and other business formats, while seeking to integrate and acquire state-owned enterprises and external high-quality private enterprises with the aim of enhancing and optimising the management scale and structure of the Company, and expanding the scope of property management business.

In terms of joint venture and partnership, the Company plans to leverage the vast construction sites of BUCG to establish joint ventures with matured and experienced on-site catering providers in the market, in order to deepen the development in the field of on-site catering for construction sites, as part of our efforts to gradually establish the Company’s on-site catering products and operating systems, and progressively develop market-oriented construction businesses. The Company also intends to carry out joint ventures and partner with companies, mainly including state-owned enterprises and government-owned platform enterprises and high-quality private companies located within and outside Beijing, by utilising the market resources of the shareholders of their local companies to expand regional and business coverage, while taking advantage of the Company’s brand and management system.

In terms of capital increase in subsidiaries, the Company will support the business development of its subsidiaries by increasing investments in them in due course to meet their capital requirements for market expansion and business development, enhance their business absorption capabilities and strengthen their market competitiveness.

### ***Development of value-added services***

The Company originally planned to allocate approximately 25% of the Proceeds (representing approximately HK\$61.73 million) for the development of value-added services. As at the date of this announcement, the original allocation has been fully utilised for expanding tenant sourcing and management services, as well as diversifying community value-added services.

In line with the booming development of our diversified business layout in the industry, the Company continues to enrich service content, expand service boundaries and increase service touchpoints. In addition, by integrating internal and external cooperation resources, the Company strives for development in multiple business tracks, nurture new productive forces, and explore a broader range of development space and diversified business opportunities. The Company proposes to further utilise HK\$22.76 million of the Unutilised Proceeds for developing value-added services, in order to further foster the competitive advantages of distinctive value-added services and diversified business expansion of the Company, and identify more application scenarios such as universities, hospitals, communities and construction sites, where refined value-added services are provided in areas including food and beverage retail, elderly-friendly renovation, home improvement and renewal, on-site catering, and facility and equipment management. For starters, the Company will identify suitable commercial buildings, long-term rental apartments and other urban operation, urban service, and urban renewal projects, to upgrade and renovate them or add furniture and home appliances, with the aim of providing customers with comfortable office, operational and living conditions, thereby enhancing the proportion of value-added services in the Company's asset operation business. Second, by delving into the needs of over 100,000 property owners of our projects under management, the Company will establish partial improvements service stores in communities to provide services, including home appliance trade-ins, window and door replacements, building material supplies, furniture purchase, move-in and furnishing services, elderly-friendly renovations, and other existing renovation services, while achieving business breakthroughs in food and beverage retail, renovations, and others in universities, hospitals and more application scenarios, as part of our efforts to create market-based competitive business units. Third, the Company will fully integrate into the industrial chain development of BUCG, by tracking its investment, construction and operation in large and medium-sized construction projects, while continuing to carry out integrated container house supply and leasing services at construction sites.

### ***Upgrading the digital and intelligent management system***

The Company originally planned to utilise approximately 10% of the Proceeds (representing approximately HK\$24.69 million) for developing and upgrading the Group's information technology infrastructure and intelligent equipment. As at the date of this announcement, the actual utilised Proceeds amounting to approximately HK\$11.78 million was mainly for the research and development expenses of the system, the costs relating to the procurement of the relevant software and hardware to ensure the system security and compliance with the regulatory requirements, as well as the research and development of its intelligent lifestyle service platform.

In terms of promoting the application of IoT technologies, the Company continues to explore the investment and application of IoT technologies in intelligent services, such as the deployment of smart patrol robots, smart sweeping robots and smart trash cans in its projects to improve the efficiency and quality of its services with manpower costs significantly reduced. Since the Listing, the Company has used its internal funds derived from daily operating activities of the Group for the promotion of IoT technologies without utilising the Proceeds. In terms of upgrading the intelligent lifestyle platform for property owners and residents, to enhance the dwelling quality of property owners and the operational efficiency of the community, the Company has researched and developed an intelligent lifestyle service platform called "Jia Xiang Hui (佳享薈)", which integrates basic property services, community value-added services and community life services, and the Unutilised Proceeds will be utilised for the subsequent investment in research and development for the aforesaid business.

The Company intends to utilise approximately HK\$22.76 million of the Unutilised Proceeds for upgrading the digital and intelligent management system to provide property owners with more quality and cost-effective products and services and to promote the digitalisation and intelligent development in property management by enhancing the Company's digitalisation level and its internal information technology infrastructure. For starters, our work will focus on the iterative upgrade of the property management operating system and research and development of personalised applications for new business formats. The Company plans to conduct a comprehensive iterative upgrade for its existing property management operating system with optimised functions catering to new management requirements by the end of 2025. By the end of 2026, the Company plans to complete the research and development of personalised applications for new business formats, which will be applied and promoted to meet the unique management requirements under different new business scenarios, thereby achieving efficient digitalised management of new businesses. By the end of 2027, further exploration will be conducted on the integration of artificial intelligence (AI) into the property management operating system to enhance the intelligence level of property management. Second, the Company will continue to expand the application of IoT technologies in property management. The Company plans to complete the research, development and testing of the equipment monitoring system by the end of 2025. By the end of 2026, data interoperability between the equipment monitoring system and the property management system will be achieved, enabling the automation and intelligence of business processes. By the end of 2027, hardware upgrades and applications for multiple projects will be completed, effectively reducing operational costs and enhancing management efficiency.

#### ***Working capital and for general corporate purposes***

The Company originally planned to utilise approximately 5% of the Proceeds (representing approximately HK\$12.35 million) for working capital and for general corporate purposes. As at the date of this announcement, such original allocation has been utilised in full, mainly for the payment of staff remuneration of the Company.

To align with the expanding business scale and service boundaries of the Group, the Company intends to proceed with the recruitment of more outstanding talents and establish a sound talent development system. Therefore, the Company intends to further allocate approximately HK\$15.17 million of the Unutilised Proceeds for working capital and for general corporate purposes to enhance the flexibility in the day-to-day operations, staff recruitment and financial management of the Group in order to finance its business expenditure and daily operations.

The Board is of the view that the change in use of Proceeds are fair and reasonable and will enable the Group to meet its capital requirements in a more efficient and flexible manner. The Board is also of the view that there is no material change in the Group's business nature as set out in the Prospectus, and the proposed change in use of Proceeds will not have any material adverse impact on the operations of the Group and are in the best interests of the Company and its shareholders as a whole.

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

By order of the Board  
**Beijing Capital Jiaye Property Services Co., Limited**  
**Zhang Weize**  
*Chairman*

Beijing, the PRC  
December 16, 2024

*As at the date of this announcement, the Board consists of Mr. Zhang Weize, Mr. Yang Jun and Mr. Luo Zhou as executive Directors, Ms. Jiang Xin, Mr. Mao Lei and Mr. Li Zuoyang as non-executive Directors, and Mr. Cheng Peng, Mr. Kong Weiping and Mr. Kong Chi Mo as independent non-executive Directors.*