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**EXCELLENCE COMMERCIAL PROPERTY &
FACILITIES MANAGEMENT GROUP LIMITED**

卓越商企服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6989)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY**

THE DISPOSAL

On 22 December 2021 (after trading hours), Dongrunze Investment and Excellence Property Management entered into the Agreements with the Purchaser respectively, pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to acquire, the Sale Interest, representing 100% equity interest of the Target Company, for a Consideration of RMB350 million in aggregate.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (set out in Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements as set out in Chapter 14 of the Listing Rules.

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THE AGREEMENTS

The principal terms of the Agreements are set out below:

SALE AND PURCHASE AGREEMENT A

Date

22 December 2021

Parties

- (1) Shenzhen Xishui Investment Co., Ltd. as purchaser; and
- (2) Dongrunze Investment as vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party as at the date of this announcement.

Subject of the Disposal under Sale and Purchase Agreement A

Pursuant to the Sale and Purchase Agreement A, Dongrunze Investment has agreed to sell, and the Purchaser has agreed to acquire, 95% of the equity interest in the Target Company held by Dongrunze Investment.

Consideration

The consideration under Sale and Purchase Agreement A is RMB332.5 million, which shall be payable by the Purchaser to Dongrunze Investment in full in the following manner:

- (i) RMB99.8 million, representing 30% of the total consideration under the Sale and Purchase Agreement A, through bank transfer before 31 December 2021;
- (ii) RMB66.5 million, representing 20% of the total consideration under the Sale and Purchase Agreement A, through bank transfer within 15 working days upon the completion of the industrial and commercial change;
- (iii) RMB99.8 million, representing 30% of the total consideration under the Sale and Purchase Agreement A, through bank transfer before 31 December 2022; and
- (iv) RMB66.5 million, representing 20% of the total consideration under the Sale and Purchase Agreement A, through bank transfer before 28 February 2023.

SALE AND PURCHASE AGREEMENT B

Date

22 December 2021

Parties

- (1) Shenzhen Xishui Investment Co., Ltd. as purchaser; and
- (2) Excellence Property Management as vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party as at the date of this announcement.

Subject of the Disposal under Sale and Purchase Agreement B

Pursuant to the Sale and Purchase Agreement B, Excellence Property Management has agreed to sell, and the Purchaser has agreed to acquire, 5% of the equity interest in the Target Company held by Excellence Property Management.

Consideration

The consideration under Sale and Purchase Agreement B is RMB17.5 million, which shall be payable by the Purchaser to Excellence Property Management in full in the following manner:

- (i) RMB5.3 million, representing 30% of the total consideration under the Sale and Purchase Agreement B, through bank transfer before 31 December 2021;
- (ii) RMB3.5 million, representing 20% of the total consideration under the Sale and Purchase Agreement B, through bank transfer within 15 working days upon the completion of the industrial and commercial change;
- (iii) RMB5.3 million, representing 30% of the total consideration under the Sale and Purchase Agreement B, through bank transfer before 31 December 2022; and
- (iv) RMB3.5 million, representing 20% of the total consideration under the Sale and Purchase Agreement B, through bank transfer before 28 February 2023.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms with reference to (i) the financial position and business prospects of the Target Company; and (ii) the value of 100% equity interest in the Target Company. The Directors (including the independent non-executive Directors) consider that the Consideration to be fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Completion

Completion took place on 22 December 2021. Upon Completion, the Target Company has ceased to be a subsidiary of the Company and the Group has ceased to have any interests in the Target Company.

INFORMATION ON THE PARTIES

The Group

The Group is a leading commercial property management service provider in the PRC. Founded in 1999, the Group has been focusing on providing commercial property management services for about 20 years, and has established market reputation and a premium brand.

The Purchaser

Shenzhen Xishui Investment Co., Ltd. is a company established in the PRC with limited liability and is principally engaged in investment activities. As at the date of this announcement, based on the public information available and having made reasonable enquiries with the Purchaser, the ultimate registered shareholder of the Purchaser is Mr. Zhang.

The Vendors

Dongrunze Investment is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Excellence Property Management is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in property management services.

The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Target Company holds 60% equity interests in each of Wuhan Yuyang and Zhejiang Gangwan. Wuhan Yuyang and Zhejiang Gangwan are both companies established in the PRC and are both principally engaged in property management.

FINANCIAL INFORMATION OF THE TARGET GROUP COMPANIES

Based on the unaudited combined financial statements of the Target Group Companies, the financial information of the Target Group Companies for the (i) year ended 31 December 2019 and 2020 and (ii) 11 months ended 30 November 2021 are set out below:

	For the financial year ended		For the 11
	31 December		months ended
	2019	2020	30 November
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit before tax	47,509	74,229	73,216
Net profit after tax	36,388	56,298	56,713

The unaudited combined net asset value of the Target Group Companies as at 30 November 2021 was approximately RMB347.7 million.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, each of the Target Group Companies has ceased to be a subsidiary of the Company and the financial results of the Target Group Companies were no longer consolidated into the Company's financial statements.

It is estimated that the Group will record a gain on the Disposal before taxation in the amount of approximately RMB2.3 million, which is calculated based on the difference between the Consideration and the unaudited net asset value of the Target Group Companies as at 30 November 2021. The actual gain or loss arising from the Disposal will be dependent on the combined net asset value of the Target Group Companies attributable to the Company as of the completion date, and will be subject to the review and audit by the auditor of the Company and may be different from the expected amount as stated above.

It is expected that the net proceeds from the Disposal will be used for general working capital and potential acquisitions and investments as and when opportunities arise.

REASONS FOR AND BENEFITS OF THE DISPOSAL

After reviewing the business and operation status of the Target Group Companies and taking into account the gain to be recorded on the Disposal as disclosed above, the Board considers that it is an appropriate choice for the Company to proceed with the Disposal. The Disposal, when materialised, will allow the Group to realise the value of the Target Group Companies.

In view of the above, the Directors consider that the Disposal and the terms of the Agreements have been made on normal commercial terms and are fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (set out in Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreements”	the Sale and Purchase Agreement A and the Sale and Purchase Agreement B
“Board”	the board of the Directors
“Company”	Excellence Commercial Property & Facilities Management Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 6989)
“Completion”	completion of the Disposal pursuant to the Agreements on 22 December 2021
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Sale Interest under the Agreements, being RMB350 million in aggregate
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interest from the Vendors to the Purchaser pursuant to the Agreements
“Dongrunze Investment”	Shenzhen Dongrunze Investment Consultants Co., Ltd.* (深圳東潤澤投資顧問有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Excellence Property Management”	Shenzhen Excellence Property Management Co., Ltd.* (深圳市卓越物業管理有限責任公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Shaohua (張少華), the ultimate registered shareholder of the Purchaser

“PRC”	the People’s Republic of China
“Purchaser”	Shenzhen Xishui Investment Co., Ltd.* (深圳市溪水投資有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement A”	the agreement dated 22 December 2021 entered into by and among Dongrunze Investment and the Purchaser in relation to the sale and purchase of the 95% of the equity interest in the Target Company held by Dongrunze Investment
“Sale and Purchase Agreement B”	the agreement dated 22 December 2021 entered into by and among Excellence Property Management and the Purchaser in relation to the sale and purchase of the 5% of the equity interest in the Target Company held by Excellence Property Management
“Sale Interest”	95% of the equity interest in the Target Company held by Dongrunze Investment and 5% equity interest in the Target Company held by Excellence Property Management
“Shareholder(s)”	holder(s) of the ordinary shares with nominal value of HK\$0.01 each in the share capital of the Company
“Target Company”	Shenzhen Excellence Operation Management Co., Ltd.* (深圳市卓越運營管理有限公司), a company established in the PRC with limited liability
“Target Group Companies”	Target Company, Wuhan Yuyang and Zhejiang Gangwan
“Vendors”	Dongrunze Investment and Excellence Property Management
“Wuhan Yuyang”	Wuhan Yuyang Property Management Co., Ltd.* (武漢市雨陽物業管理有限公司), a company established in the PRC with limited liability
“Zhejiang Gangwan”	Zhejiang Gangwan Property Services Co., Ltd.* (浙江港灣物業服務有限公司), a company established in the PRC with limited liability
“%”	per cent.

* for identification purpose only.

By Order of the Board
**Excellence Commercial Property &
Facilities Management Group Limited**
Li Xiaoping
Chairman

Hong Kong, 22 December 2021

As at the date of this announcement, the executive Directors are Mr. Li Xiaoping and Ms. Guo Ying, the non-executive Directors are Mr. Wang Dou and Mr. Wang Yinhu; and the independent non-executive Directors are Mr. Huang Mingxiang, Mr. Kam Chi Sing and Ms. Liu Xiaolan.