

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.



**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)

ANNOUNCEMENT

**CONTINUING CONNECTED TRANSACTIONS
AND
REVISION OF EXISTING ANNUAL CAPS AND
SETTING OF NEW ANNUAL CAPS FOR
EXISTING CONTINUING CONNECTED TRANSACTIONS**

CONTINUING CONNECTED TRANSACTIONS

On 22 July 2022, our Company entered into the following agreements:

- (a) the Master Parking Spaces' Use Right Purchase Agreement with Mr. Li Wa, pursuant to which our Group agreed to, from time to time, enter into transactions to purchase the rights-of-use of the Parking Spaces from Mr. Li's Companies;
- (b) the Decoration and Maintenance Services Framework Agreement with Mr. Li Wa, pursuant to which our Group agreed to supply the Decoration and Maintenance Services to the properties owned, used, developed or being developed by Mr. Li's Companies in the PRC; and
- (c) the Master Apartment Properties Lease Agreement with Mr. Li Wa, pursuant to which our Group agreed to lease to Mr. Li's Companies the Apartments, which our Group owned or leased from Independent Third Parties.

REVISION OF EXISTING ANNUAL CAPS AND SETTING OF NEW ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to:

- (a) the section headed “Connected Transactions” in the Prospectus in respect of, among other things, the Property Agency Services Framework Agreement entered into between our Company and Mr. Li Wa for a term commencing from the Listing Date until 31 December 2022.
- (b) the section headed “Connected Transactions” in the Prospectus in respect of, among other things, the Master Property Management Services Agreement entered into between our Company and Mr. Li Wa for a term commencing from the Listing Date until 31 December 2022;
- (c) the section headed “Connected Transactions” in the Prospectus in respect of, among other things, the Master Supply and Installation Agreement entered into between our Company and Mr. Li Wa for a term commencing from the Listing Date until 31 December 2022;
- (d) the announcement dated 12 November 2021 of our Company in respect of, among other things, revising the annual caps for the years ending 31 December 2021 and 31 December 2022 for the Master Commercial Properties Lease Agreement entered into between our Company and Mr. Li Wa for a term commencing from 12 November 2021 until 31 December 2022;
- (e) the announcement dated 12 November 2021 of our Company in respect of, among other things, the Master Construction Material Trading Agreement entered into between our Company and Mr. Li Wa for a term commencing from 12 November 2021 until 31 December 2022; and
- (f) the announcement dated 12 November 2021 of our Company in respect of, among other things, the Master Intelligent Community Services Agreement entered into between our Company and Mr. Li Wa for a term commencing from 12 November 2021 until 31 December 2022.

As it is expected that the Existing Annual Caps will not be sufficient to meet the needs of our Group’s business growth in the future and/or our Group will continue to carry out the aforementioned connected transactions in the financial year ending 31 December 2023, our Company therefore entered into the Supplemental Agreements for the purpose of extending the term of the Relevant Agreements, revising/increasing the Existing Annual Caps and/or setting the New Annual Caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Li Wa is a controlling shareholder of our Company and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the New Agreements and the Supplemental Agreements will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Relevant Annual Caps under each of the New Agreements are, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the New Agreements are subject to the reporting, announcement and annual review requirements but are exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, our Company has to re-comply with the requirements under Chapter 14A of the Listing Rules applicable to respective annual caps of the transactions under the Relevant Agreements before the Existing Annual Caps are exceeded or our Company proposes to renew the Relevant Agreements.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the New Annual Caps for each of the 2022 Supplemental Master Property Management Services Agreement, the 2022 Supplemental Master Supply and Installation Agreement and the 2022 Supplemental Master Construction Material Trading Agreement exceed 5%, according to Chapter 14A of the Listing Rules, the transactions contemplated thereunder will be subject to, among others, the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among others, (i) further details of the 2022 Supplemental Master Property Management Services Agreement, the 2022 Supplemental Master Supply and Installation Agreement and the 2022 Supplemental Master Construction Material Trading Agreement; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM, will be dispatched by our Company to the Shareholders in due course. As additional time is required to finalise certain information contained in the circular, our Company expects to dispatch the circular on or around 12 August 2022.

As the applicable percentage ratios in respect of the New Annual Caps under each of the 2022 Supplemental Property Agency Services Framework Agreement, the 2022 Supplemental Master Commercial Properties Lease Agreement and the 2022 Supplemental Master Intelligent Community Services Agreement are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Excellence Group forms part of Mr. Li's Companies and that (i) Mr. Li Xiaoping serves as a vice chairman and president of Excellence Real Estate and a director or general manager in certain subsidiaries of Excellence Group; (ii) Mr. Wang Yinhu serves as a general manager of the financing department of Excellence Group; and (iii) Mr. Wang Dou serves as a director and vice president of Excellence Group and a director in certain subsidiaries of Excellence Group, each of Mr. Li Xiaoping, Mr. Wang Yinhu and Mr. Wang Dou are considered as having material interests in the New Agreements and the Supplemental Agreements and the transactions contemplated thereunder. Accordingly, Mr. Li Xiaoping, Mr. Wang Yinhu and Mr. Wang Dou were required to abstain from voting on the relevant resolutions at the Board meeting. Save as disclosed, none of the Directors was required to abstain from voting on the relevant resolutions at the Board meeting.

MASTER PARKING SPACES' USE RIGHT PURCHASE AGREEMENT

On 22 July 2022, our Company entered into the Master Parking Spaces' Use Right Purchase Agreement with Mr. Li Wa, pursuant to which our Group agreed to, from time to time, enter into transactions to purchase the rights-of-use of the Parking Spaces from Mr. Li's Companies.

Principal terms

The principal terms of the Master Parking Spaces' Use Right Purchase Agreement are as follows:

Date: 22 July 2022

Parties: (a) our Company; and
(b) Mr. Li Wa

Term: The term of the Master Parking Spaces' Use Right Purchase Agreement shall commence from 22 July 2022 up to 31 December 2023 (both dates inclusive). Subject to compliance with the Listing Rules, the Master Parking Spaces' Use Right Purchase Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

Our Group had not purchased any rights-of-use of parking spaces from Mr. Li's Companies prior to 22 July 2022.

Annual caps

The maximum annual purchase price payable by our Group under the Master Parking Spaces' Use Right Purchase Agreement for each of the financial years ending 31 December 2022 and 31 December 2023 respectively will not exceed the Relevant Annual Caps set out below:

	Year ending 31 December	
	2022	2023
	(RMB'000)	(RMB'000)
Total purchase price payable by our Group under the Master Parking Spaces' Use Right Purchase Agreement	90,000	150,000

The Relevant Annual Caps under the Master Parking Spaces' Use Right Purchase Agreement were determined with reference to:

- (i) the estimated number of agreements to be entered into pursuant to the Master Parking Spaces' Use Right Purchase Agreement and the estimated transaction amounts based on such agreements during the period from July 2022 to December 2023 (calculated on the basis of the relevant Parking Spaces then available);
- (ii) the market rate for purchasing comparable rights-of-use of parking spaces in similar locations;
- (iii) the estimated revenue that can be generated from the re-sale of the rights-of-use of the Parking Spaces purchased from Mr. Li's Companies;
- (iv) our Group's plan to expand our Group's business to the sales of the rights-of-use of parking spaces; and
- (v) a reasonable buffer of approximately 5% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

Pricing policy

The purchase price that our Group expected to pay for the rights-of-use of the Parking Spaces will be determined after arm's length negotiations with reference to, among others, (i) the valuation reports prepared by qualified property valuers who are Independent Third Parties commissioned for each of the relevant transactions; (ii) our Group's internal sales plans and forecasts prepared for each of the relevant transactions; and (iii) the purchase price for the rights-of-use of the parking spaces offered to our Group by Independent Third Parties in relation to comparable parking spaces.

The details of the payment mechanism for the fees and payments payable by our Group shall be agreed by the relevant parties under separate agreements with reference to the normal commercial terms comparable to those for comparable sales transactions between Independent Third Parties and Mr. Li's Companies.

Reasons and benefits for entering into the Master Parking Spaces' Use Right Purchase Agreement

In relation to the Master Parking Spaces' Use Right Purchase Agreement, the purchase of the rights-of-use of the Parking Spaces is expected to be lucrative for our Group as the selling of the rights-of-use of the Parking Spaces will bring convenience and comfort to the occupants of the properties managed by our Group because such Parking Spaces are located in or adjacent to the properties managed by our Group, which will in turn improve the living experience and satisfaction of the occupants living in the properties that are managed by our Group. Further, given that our Group will receive a bulk-purchase discount from Mr. Li's Companies when purchasing the rights-of-use of the Parking Spaces, it is expected that the occupants of the properties managed by our Group can purchase the rights-of-use of the Parking Spaces at a lower price if they purchase them from our Group rather than purchasing the same from Mr. Li's Companies directly on an individual basis. The Board believes that entering into the Master Parking Spaces' Use Right Purchase Agreement will facilitate further business growth of our Group and expand our Group's business to the sales of rights-of-use of parking spaces, which will be in line with our Group's overall business development strategy.

DECORATION AND MAINTENANCE SERVICES FRAMEWORK AGREEMENT

On 22 July 2022, our Company entered into the Decoration and Maintenance Services Framework Agreement with Mr. Li Wa, pursuant to which our Group agreed to supply the Decoration and Maintenance Services to the properties owned, used, developed or being developed by Mr. Li's Companies in the PRC.

Principal terms

The principal terms of the Decoration and Maintenance Services Framework Agreement are as follows:

Date: 22 July 2022

Parties: (a) our Company; and

(b) Mr. Li Wa

Term: The term of the Decoration and Maintenance Services Framework Agreement shall commence from 22 July 2022 up to 31 December 2023 (both dates inclusive). Subject to compliance with the Listing Rules, the Decoration and Maintenance Services Framework Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

Our Group had not provided any decoration and maintenance services to Mr. Li's Companies prior to 22 July 2022.

Annual caps

The maximum annual service fees payable to our Group under the Decoration and Maintenance Services Framework Agreement for each of the financial years ending 31 December 2022 and 31 December 2023 respectively will not exceed the following Relevant Annual Caps set out below:

	Year ending 31 December	
	2022	2023
	(RMB'000)	(RMB'000)
Total services fees payable to our Group under the Decoration and Maintenance Services Framework Agreement	38,000	65,000

The Relevant Annual Caps under the Decoration and Maintenance Services Framework Agreement were determined with reference to:

- (i) the estimated number of agreements to be entered pursuant to the Decoration and Maintenance Services Framework Agreement and the estimated services fees payable to our Group thereunder;
- (ii) the market price of similar services provided by Independent Third Parties (taking into account the estimated duration of the service period, number of staff required, GFA of the properties to be delivered, and property delivery schedule, etc.);
- (iii) our Group's business strategy to develop decoration and maintenance business, which will be supported by the agreements to be entered under the Decoration and Maintenance Services Framework Agreement; and
- (iv) a reasonable buffer of approximately 5% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

Pricing policy

The service fees that our Group will charge for the Decoration and Maintenance Services shall be determined after arm's length negotiations with reference to, among others, (i) service fees offered by Independent Third Parties to provide comparable decoration and maintenance services in the market; (ii) the reasonable costs for providing the Decoration and Maintenance Services; and (iii) the profit margin that is in line with the market practice for providing comparable decoration and maintenance services.

The details of the payment mechanism for the payments due to our Group shall be agreed by the relevant parties under separate agreements with reference to the normal commercial terms comparable to those for provision of comparable services by Independent Third Parties to Mr. Li's Companies.

Reasons and benefits for entering into the Decoration and Maintenance Services Framework Agreement

In relation to the Decoration and Maintenance Services Framework Agreement, Mr. Li's Companies have adopted a relatively high standard relating to the delivery of certain property projects in order to meet consumers' increasing demand for well-decorated properties, which requires a high standard of decoration and maintenance services to be completed prior to the delivery of the properties. With in-depth knowledge of the needs for well-decorated properties and extensive experience in providing engineering services during the provision of the Property Management Services and supply of Construction Materials, the Board believes that our Group is able to provide high quality Decoration and Maintenance Services for the properties owned, used, developed or being developed by Mr. Li's Companies. Our Company considers that entering into the Decoration and Maintenance Services Framework Agreement will be conducive to the further expansion of our Group's business scale and increase its business undertaking capacity, laying the foundation for the long-term development of our Group's decoration and maintenance services and other businesses, which will in turn have a positive impact on the current and future business of our Group.

MASTER APARTMENT PROPERTIES LEASE AGREEMENT

On 22 July 2022, our Company entered into the Master Apartment Properties Lease Agreement with Mr. Li Wa, pursuant to which our Group agreed to lease the Apartments, which our Group owned or leased from Independent Third Parties to Mr. Li's Companies.

Principal terms

The principal terms of the Master Apartment Properties Lease Agreement are as follows:

Date: 22 July 2022

Parties: (a) our Company; and

(b) Mr. Li Wa

Term: The term of the Master Apartment Properties Lease Agreement shall commence from 22 July 2022 up to 31 December 2023 (both dates inclusive). Subject to compliance with the Listing Rules, the Master Apartment Properties Lease Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

Our Group had not leased any apartments to Mr. Li's Companies prior to 22 July 2022.

Annual caps

The maximum annual rent payable to our Group under the Master Apartment Properties Lease Agreement for each of the financial years ending 31 December 2022 and 31 December 2023 respectively will not exceed the following Relevant Annual Caps set out below:

	Year ending 31 December	
	2022	2023
	(RMB'000)	(RMB'000)
Total annual rent payable to our Group under the Master Apartment Properties Lease Agreement	18,000	28,000

The Relevant Annual Caps under the Master Apartment Properties Lease Agreement were determined with reference to:

- (i) the rent payable by our Group to the Independent Third Parties for leasing the Apartments;
- (ii) the renovation costs and labor costs for furnishing the Apartments before sub-leasing them to Mr. Li's Companies;
- (iii) the estimated number of contracts to be entered into with Mr. Li's Companies under the Master Apartment Properties Lease Agreement and the estimated rent receivable by our Group thereunder;

- (iv) our Group's plan to expand our Group's business to leasing well-decorated apartments; and
- (v) a reasonable buffer of approximately 5% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

Pricing policy

The rent that our Group will receive from leasing the Apartments shall be determined after arm's length negotiations with reference to, among others, (i) the anticipated operation cost (including but not limited to the rent payable by our Group to the Independent Third Parties and renovation and labor costs for furnishing the Apartments before sub-leasing them to Mr. Li's Companies); and (ii) the rent charged by the Independent Third Parties for leasing comparable apartments.

The details of the payment mechanism for the payments due to our Group shall be agreed by the relevant parties under separate agreements with reference to the normal commercial terms comparable to those for the leasing of comparable apartments by Independent Third Parties to Mr. Li's Companies.

Reasons and benefits for entering into the Master Apartment Properties Lease Agreement

Mr. Li's Companies have a demand for well-decorated apartments for its sub-leasing business and our Company considers that our Company is able to refurbish and enhance the environment of the Apartments leased from the Independent Third Parties with its experience in the decoration and maintenance industry and satisfy Mr. Li's Companies' demand by providing them with well-decorated Apartments. Our Group believes that entering into the Master Apartment Properties Lease Agreement could bring mutual benefits to both our Group and Mr. Li's Companies. The Board believes that the sub-leasing services under the Master Apartment Properties Lease Agreement will establish a stable revenue stream for our Group because (i) there is a high demand for well-decorated apartments from Mr. Li's Companies, which can in turn secure a high occupancy rate of the Apartments; and (ii) our Group could reduce the expenses for advertising the Apartments and negotiating the agreements for leasing the Apartments to other Independent Third Parties. Also, Mr. Li's Companies will gain various benefits from leasing the Apartments from our Company, including but not limited to, reducing time costs and labor costs in finding well-decorated apartments for its sub-leasing business and the costs in renovating the apartments before sub-leasing.

REVISION OF EXISTING ANNUAL CAPS AND SETTING OF NEW ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

(A) 2022 SUPPLEMENTAL PROPERTY AGENCY SERVICES FRAMEWORK AGREEMENT

Reference is made to the section headed “Connected Transactions” in the Prospectus in respect of, among other things, the Property Agency Services Framework Agreement entered into between our Company and Mr. Li Wa for a term commencing from the Listing Date until 31 December 2022.

As it is expected that the Existing Annual Cap for the Property Agency Services Framework Agreement will not be sufficient to meet the needs of our Group’s business growth in the future and our Group will continue to provide the Property Agency Services to Mr. Li’s Companies for the financial year ending 31 December 2023, our Company therefore entered into the 2022 Supplemental Property Agency Services Framework Agreement for the purpose of extending the term of the Property Agency Services Framework Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

Principal terms

The principal terms of the 2022 Supplemental Property Agency Services Framework Agreement are as follows:

Date:	22 July 2022
Parties:	(a) our Company; and (b) Mr. Li Wa
Term:	The term of the 2022 Supplemental Property Agency Services Framework Agreement shall commence from 22 July 2022 up to 31 December 2023 (both dates inclusive). Subject to compliance with the Listing Rules, the 2022 Supplemental Property Agency Services Framework Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022 respectively, the total amount of commission fees received and/or receivable by our Group under the Property Agency Services Framework Agreement are set out as below:

	(Audited)		(Unaudited)
	Year ended 31 December		Six months
	2020	2021	ended 30 June
	(RMB’000)	(RMB’000)	2022
			(RMB’000)
Total commission fees received/receivable by our Group under the Property Agency Services Framework Agreement	2,200	2,733	248

Revision of Existing Annual Cap

The Existing Annual Cap for the Property Agency Services Framework Agreement for the financial year ending 31 December 2022 is RMB3.2 million.

The New Annual Caps for the 2022 Supplemental Property Agency Services Framework Agreement for the financial year ending 31 December 2022 and the financial year ending 31 December 2023 are RMB140.0 million and RMB140.0 million, respectively, which were determined based on:

- (i) the historical transaction amounts in relation to the sales and lease of the residential and commercial properties developed or being developed by Mr. Li's Companies during the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022;
- (ii) the estimated number of agreements to be entered into pursuant to the 2022 Supplemental Property Agency Services Framework Agreement and the estimated commission fees receivable by our Group thereunder;
- (iii) the estimated rental or sales revenue and the GFA of the properties being rented or sold under the Property Agency Services;
- (iv) the expansion of the scope of the Property Agency Services to include the provision of the sales and rental services in relation to the Car Parking Lots;
- (v) the market rate of commission fees charged by Independent Third Parties for the provision of similar services; and
- (vi) a reasonable buffer of approximately 5% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

Pricing policy

The commission fees to be charged by our Group for the Property Agency Services shall be determined after arm's length negotiations with reference to (i) the rental or selling price and the GFA of the properties and Car Parking Lots to be leased or sold through our Property Agency Services; and (ii) a commission rate which is comparable to the market rate provided by other property agency service providers which are Independent Third Parties to Mr. Li's Companies for providing similar services.

Reasons for the revision of Existing Annual Cap and the setting of New Annual Caps

Taking into account the increase in the number of residential and commercial properties and Car Parking Lots developed or being developed by Mr. Li's Companies and thus the increase in units in the office buildings, ancillary commercial units in the residential communities and Car Parking Lots owned by Mr. Li's Companies and managed by our Group that are available for lease, there has been an increasing demand for Property Agency Services from Mr. Li's Companies. In addition, as our Group has gradually optimized the way in providing the Property Agency Services since we provided Property Agency Services to Mr. Li's Companies, our Group intends to expand the scope of services from the rental and sales of residential and commercial properties to the rental and sales of residential, commercial properties and Car Parking Lots.

Furthermore, owing to COVID-19 in the PRC and the lock-down in PRC cities, including Shenzhen during the first half of 2022, the demand for renting and purchasing the residential and commercial properties developed or being developed by Mr. Li's Companies remained low, which in turn lead to an unanticipated decrease in the sales and lease of the relevant properties and the commission fees received/receivable by our Group for the provision of the Property Agency Services. As the COVID-19 situation is expected to be under control in the PRC in the second half of 2022, the demand for sales and rental services for the residential, commercial properties and Car Parking Lots developed or being developed by Mr. Li's Companies is estimated to increase significantly in the remaining months of 2022.

It is expected that our Group will provide more Property Agency Services to Mr. Li's Companies, and therefore the commission fees receivable by our Group under the Property Agency Services Framework Agreement for the year ending 31 December 2022 will exceed the Existing Annual Cap. It is also expected that our Group will continue to provide Property Agency Services for the financial year ending 31 December 2023. Therefore, our Company entered into the 2022 Supplemental Property Agency Services Framework Agreement for the purpose of extending the term of the Property Agency Services Framework Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

(B) 2022 SUPPLEMENTAL MASTER PROPERTY MANAGEMENT SERVICES AGREEMENT

Reference is made to the section headed "Connected Transactions" in the Prospectus in respect of, among other things, the Master Property Management Services Agreement entered into between our Company and Mr. Li Wa for a term commencing from the Listing Date until 31 December 2022.

As it is expected that the Existing Annual Cap for the Master Property Management Services Agreement will not be sufficient to meet the needs of our Group's business growth in the future and our Group will continue to provide the Property Management Services to Mr. Li's Companies for the financial year ending 31 December 2023, our Company therefore entered into the 2022 Supplemental Master Property Management Services Agreement for the purpose of extending the term of the Master Property Management Services Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

Principal terms

The principal terms of the 2022 Supplemental Master Property Management Services Agreement are as follows:

Date: 22 July 2022

Parties: (a) our Company; and
(b) Mr. Li Wa

Term: Subject to the Independent Shareholders' approval, the 2022 Supplemental Master Property Management Services Agreement will be for a term up to and including 31 December 2023. Subject to compliance with the Listing Rules, the 2022 Supplemental Master Property Management Services Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022 respectively, the total amount of service fees received and/or receivable by our Group under the Master Property Management Services Agreement are set out as below:

	(Audited)		(Unaudited)
	Year ended 31 December		Six months
	2020	2021	ended 30 June
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2022
			<i>(RMB'000)</i>
Total service fees received/receivable by our Group under the Master Property Management Services Agreement	199,200	290,560	201,669

Revision of Existing Annual Cap and the setting of New Annual Caps

The Existing Annual Cap for the Master Property Management Services Agreement for the financial year ending 31 December 2022 is RMB370.3 million.

The New Annual Caps for the 2022 Supplemental Master Property Management Services Agreement for the financial year ending 31 December 2022 and the financial year ending 31 December 2023 are RMB510.0 million and RMB634.0 million, respectively, which were determined based on:

- (i) the historical service fees received/receivable by our Group in relation to the provision of the Property Management Services during the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022;
- (ii) in respect of the annual caps for the Property Management Services of providing the on-site security, cleaning, and display units and on-site sales office management services, approximately 97 projects are expected to be entered into during the two financial years ending 31 December 2022 and 31 December 2023 under the 2022 Supplemental Master Property Management Services Agreement;
- (iii) in respect of the annual caps for the Property Management Services of providing preliminary planning and design consultancy services, the estimated GFA of the residential properties expected to be sold by Mr. Li's Companies in the relevant periods (approximately 16,113,232 sq.m. during the two financial years ending 31 December 2022 and 31 December 2023), which is estimated based on the projects under development by Mr. Li's Companies (of approximately 64 projects as at 22 July 2022).

- (iv) the estimated number of staff required for each expected project based on the average number of staff assigned to each existing project;
- (v) the estimated services fees receivable under the 2022 Supplemental Master Property Management Services Agreement for the two financial years ending 31 December 2022 and 31 December 2023 respectively; and
- (vi) a reasonable buffer of approximately 5% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

Pricing policy

The service fees to be charged by our Group for the Property Management Services shall be determined on arm's length basis with reference to (i) the GFA, location and positioning of the properties; (ii) the anticipated operation costs (including but not limited to labor costs, administration costs, energy costs and costs of materials); (iii) the price charged by other service providers who provide comparable services for properties in close proximity of the properties managed by our Group; (iv) the government-guided property management fees for residential properties promulgated by the relevant local regulatory authorities; and (v) the prices charged by us for providing comparable services to Independent Third Parties.

Reasons for the revision of Existing Annual Cap and the setting of New Annual Caps

Our Group has been providing Property Management Services to Mr. Li's Companies. With the business expansion of Mr. Li's Companies, there has been an increase in the demand for our Property Management Services. Furthermore, following the opening of the new commercial properties of Mr. Li's Companies and the poor sales performance and demand for renting of the commercial and/or residential properties developed by Mr. Li's Companies due to COVID-19 in the PRC, as well as the lock-down in PRC cities including Shenzhen during the first half of 2022, there was an unanticipated increase in vacant units, which will in turn lead to an increase in property management fees charged for vacant units before such units are rented out or sold. Lastly, given that the sales performance and demand for renting of the commercial and/or residential properties developed by Mr. Li's Companies is expected to improve in the second half of 2022 when the COVID-19 situation is expected to be under control in the PRC, the demand of Mr. Li's Companies for the property management services of providing pre-delivery services is estimated to increase significantly in the remaining months of 2022.

It is therefore expected that the transaction amount under the Master Property Management Services Agreement for the year ending 31 December 2022 will exceed the Existing Annual Cap. It is also expected that our Group will continue to provide Property Management Services to Mr. Li's Companies for the financial year ending 31 December 2023. Therefore, our Company entered into the 2022 Supplemental Master Property Management Services Agreement for the purpose of extending the term of the Master Property Management Services Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

(C) 2022 SUPPLEMENTAL MASTER SUPPLY AND INSTALLATION AGREEMENT

Reference is made to the section headed "Connected Transactions" in the Prospectus in respect of, among other things, the Master Supply and Installation Agreement entered into between our Company and Mr. Li Wa for a term commencing from the Listing Date until 31 December 2022.

As it is expected that the Existing Annual Cap for the Master Supply and Installation Agreement will not be sufficient to meet the needs of our Group's business growth in the future and our Group will continue to provide the System Supply and Installation Services to Mr. Li's Companies for the financial year ending 31 December 2023, our Company therefore entered into the 2022 Supplemental Master Supply and Installation Agreement for the purpose of extending the term of the Master Supply and Installation Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

Principal terms

The principal terms of the 2022 Supplemental Master Supply and Installation Agreement are as follows:

Date: 22 July 2022

Parties: (a) our Company; and
(b) Mr. Li Wa

Term: Subject to the Independent Shareholders' approval, the 2022 Supplemental Master Supply and Installation Agreement will be for a term up to and including 31 December 2023. Subject to compliance with the Listing Rules, the 2022 Supplemental Master Supply and Installation Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022 respectively, the total contract value with Mr. Li's Companies in relation to the Master Supply and Installation Agreement are set out as below:

	(Audited)		(Unaudited)
	Year ended 31 December		Six months
	2020	2021	ended 30 June
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2022
			<i>(RMB'000)</i>
Total contract value with Mr. Li's Companies in relation to the Master Supply and Installation Agreement	107,400	127,108	212,858

Revision of Existing Annual Cap and the setting of New Annual Caps

The Existing Annual Cap for the Master Supply and Installation Agreement for the financial year ending 31 December 2022 is RMB235.0 million.

The New Annual Caps for the 2022 Supplemental Master Supply and Installation Agreement for the financial year ending 31 December 2022 and the financial year ending 31 December 2023 are RMB243.2 million and RMB312.7 million, respectively (calculated on the basis of fees paid/payable by Mr. Li's companies instead of contract value), which were determined based on:

- (i) the historical transaction amounts in relation to provision of the System Supply and Installation Services during the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022;
- (ii) the estimated selling price of the Systems and the service fee chargeable for the provision of the System Supply and Installation Services, which have increased by approximately 5.2% and 5.8% when compared to the estimations made when the Existing Annual Cap for the financial year ending 31 December 2022 was determined due to the prevailing market conditions;
- (iii) the estimated number of projects requiring the System Supply and Installation Services (approximately 116 projects for the financial years ending 31 December 2022 and 2023, respectively) under the existing signed agreements pursuant to the Master System Supply and Installation Services Agreement;

- (iv) the estimated fees receivable under the 2022 Supplemental Master Supply and Installation Agreement for the two financial years ending 31 December 2022 and 31 December 2023 respectively;
- (v) the estimated capacity of our Group in providing the System Supply and Installation Services for the two financial years ending 31 December 2022 and 31 December 2023 respectively; and
- (vi) a reasonable buffer of approximately 5% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

Pricing policy

The fees to be received by our Group under the 2022 Supplemental Master Supply and Installation Agreement shall be determined on arm's length basis with reference to, the prevailing market price (taking into account the location and the conditions of the properties, purchasing cost of the Systems, and the anticipated operation costs including labor costs and material costs).

Reasons for the revision of Existing Annual Cap and the setting of New Annual Caps

With the increase in the properties owned by Mr. Li's Companies, it is expected that there will also be an increase in the demand of Mr. Li's Companies for the provision of the System Supply and Installation Services, and our Group has the capacity to provide sufficient System Supply and Installation Services to meet the demand from Mr. Li's Companies. In addition, with the refined business process, the basis for calculating the transaction amount between our Group and Mr. Li's Companies has been changed from considering the contractual amount signed by both parties to the fees paid/payable by Mr. Li's Companies to our Group for rendering services, so as to better reflect the transaction amount of the relevant transactions.

It is therefore expected that the transaction amount under the Master Supply and Installation Agreement for the year ending 31 December 2022 will exceed the Existing Annual Cap. It is also expected that our Group will continue to provide the System Supply and Installation Services to Mr. Li's Companies for the financial year ending 31 December 2023. Therefore, our Company entered into the 2022 Supplemental Master Supply and Installation Agreement for the purpose of extending the term of the Master Supply and Installation Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

(D) 2022 SUPPLEMENTAL MASTER COMMERCIAL PROPERTIES LEASE AGREEMENT

Reference is made to the announcement dated 12 November 2021 of our Company in respect of, among other things, revising the annual caps for the financial years ending 31 December 2021 and 31 December 2022 for the Master Commercial Properties Lease Agreement entered into between our Company and Mr. Li Wa for a term commencing from the Listing Date until 31 December 2022.

As it is expected that the Existing Annual Cap for the Master Commercial Properties Lease Agreement will not be sufficient to meet the needs of our Group's business growth in the future and our Group will continue to lease the Commercial Properties from Mr. Li's Companies for the financial year ending 31 December 2023, our Company therefore entered into the 2022 Supplemental Master Commercial Properties Lease Agreement for the purpose of extending the term of the Master Commercial Properties Lease Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

Principal terms

The principal terms of the 2022 Supplemental Master Commercial Properties Lease Agreement are as follows:

Date: 22 July 2022

Parties: (a) our Company; and
(b) Mr. Li Wa

Term: The term of the 2022 Supplemental Master Commercial Properties Lease Agreement shall commence from 22 July 2022 up to 31 December 2023 (both dates inclusive). Subject to compliance with the Listing Rules, the 2022 Supplemental Master Commercial Properties Lease Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022 respectively, the total amount of fees paid and/or payable by our Group under the Master Commercial Properties Lease Agreement are set out as below:

	(Audited)		(Unaudited)
	Year ended 31 December		Six months
	2020	2021	ended 30 June
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2022
			<i>(RMB'000)</i>
Total fees paid/ payable by our Group under the Master Commercial Properties Lease Agreement	34,000	55,577	29,275

Revision of Existing Annual Cap and the setting of New Annual Caps

The Existing Annual Cap and the New Annual Caps for the two financial years ending 31 December 2022 and 31 December 2023 respectively by type of Commercial Properties for the Master Commercial Properties Lease Agreement will be as follows:

	Existing Annual Cap	New Annual Caps	
	Year ending 31 December 2022	Year ending 31 December 2022	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Car Parking Lots (Commercial)	71,410	98,900	107,800
Car Parking Lots (Residential)	7,100	8,600	9,400
Public Area	1,700	2,500	2,800
Existing/New Annual Cap for the Master Commercial Properties Lease Agreement	80,210	110,000	120,000

The New Annual Caps for the 2022 Supplemental Master Commercial Properties Lease Agreement were determined based on:

- (i) the historical transaction amounts under the Master Commercial Properties Lease Agreement during the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022;
- (ii) the estimated fees payable to Mr. Li's Companies pursuant to the existing lease agreements entered into between our Company and Mr. Li's Companies pursuant to the Master Commercial Properties Lease Agreement;

- (iii) the expected increase in the fees payable by our Group for leasing the Commercial Properties upon expiration of the existing lease agreements entered into between our Company and Mr. Li's Companies pursuant to the Master Commercial Properties Lease Agreement by taking into account the prevailing market conditions; and
- (iv) a reasonable buffer of approximately 5% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

Pricing policy

The rent to be paid by our Group under the 2022 Supplemental Master Commercial Properties Lease Agreement shall be determined on arm's length basis with reference to, among others, (i) the government-guided rent for the car parking lots in the residential properties promulgated by the relevant local regulatory authorities; (ii) the prevailing market rent of the commercial properties in similar locations in the PRC; (iii) the occupancy rate of the Car Parking Lots leased by our Group from Mr. Li's Companies; and (iv) the number of the Car Parking Lots in the residential communities and commercial properties and the GFA of the Public Area our Group managed.

Reasons for the revision of Existing Annual Cap and the setting of New Annual Caps

Due to the business expansion of Mr. Li's Companies, there was an increase in the number of Car Parking Lots and the GFA of the Public Area. Furthermore, due to the COVID-19 outbreak, there was an increasing number of vacant Commercial Properties. Considering the existing level of resources and capabilities of our Group and believing that the COVID-19 outbreak will be under control in the PRC in the two financial years ending 31 December 2022 and 31 December 2023 respectively, it is expected that by leasing more Commercial Properties from Mr. Li's Companies, our Group can make more profit from sub-leasing such properties or utilizing such properties for commercial use, and further enhance our Group's influence in the commercial property operational services market and brand awareness.

It is therefore expected that the transaction amount under the Master Commercial Properties Lease Agreement for the year ending 31 December 2022 will exceed the Existing Annual Cap. It is also expected that our Group will continue to lease the Commercial Properties from Mr. Li's Companies for the financial year ending 31 December 2023. Therefore, our Company entered into the 2022 Supplemental Master Commercial Properties Lease Agreement for the purpose of extending the term of the Master Commercial Properties Lease Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

(E) 2022 SUPPLEMENTAL MASTER CONSTRUCTION MATERIAL TRADING AGREEMENT

Reference is made to the announcement dated 12 November 2021 of our Company in respect of, among other things, the Master Construction Material Trading Agreement entered into between our Company and Mr. Li Wa for a term commencing from 12 November 2021 until 31 December 2022.

As it is expected that the Existing Annual Cap for the Master Construction Material Trading Agreement will not be sufficient to meet the needs of our Group's business growth in the future and our Group will continue to supply the Construction Materials to Mr. Li's Companies for the financial year ending 31 December 2023, our Company therefore entered into the 2022 Supplemental Master Construction Material Trading Agreement for the purpose of extending the term of the Master Construction Material Trading Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

Principal terms

The principal terms of the 2022 Supplemental Master Construction Material Trading Agreement are as follows:

- Date:** 22 July 2022
- Parties:** (a) our Company; and
(b) Mr. Li Wa
- Term:** Subject to the Independent Shareholders' approval, the 2022 Supplemental Master Construction Material Trading Agreement will be for a term up to 31 December 2023 (both dates inclusive). Subject to compliance with the Listing Rules, the 2022 Supplemental Master Construction Material Trading Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022 respectively, the total amount of fees received and/or receivable by our Group under the Master Construction Material Trading Agreement are set out as below:

	(Audited)		(Unaudited)
	Year ended 31 December		Six months
	2020	2021	ended 30 June
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2022
			<i>(RMB'000)</i>
Total fees received/receivable by our Group under the Master Construction Material Trading Agreement	–	96,323	87,556

Revision of Existing Annual Cap and the setting of New Annual Caps

The Existing Annual Cap for the Master Construction Material Trading Agreement for the financial year ending 31 December 2022 is RMB120.0 million.

The New Annual Caps under the 2022 Supplemental Master Construction Material Trading Agreement for the financial year ending 31 December 2022 and the financial year ending 31 December 2023 are RMB448.0 million and RMB733.0 million, respectively, which were determined based on:

- (i) the historical transaction amounts under the Master Construction Material Trading Agreement during the financial year ended 31 December 2021 and the six months ended 30 June 2022;
- (ii) the number of estimated contracts to be entered into under the 2022 Supplemental Master Construction Material Trading Agreement (approximately 122 contracts for the financial years ending 31 December 2022 and 2023 in total);
- (iii) the performance of the contracts entered into under the Master Construction Material Trading Agreement, which should have taken place during the six months ended 30 June 2022 but had been suspended due to COVID-19, is estimated to resume and proceed expeditiously during the six months ending 31 December 2022. The Directors believe this will significantly increase the total fees received/receivable by our Group under the Master Construction Material Trading Agreement during the remaining months of 2022;
- (iv) the estimated increase in demand of Mr. Li's Companies for the Construction Materials during the two financial years ending 31 December 2022 and 31 December 2023, taking into account the possibility that Mr. Li's Companies will develop additional property projects during the two financial years ending 31 December 2022 and 31 December 2023;
- (v) the potential increase in the unit price of the Construction Material due to the prevailing market conditions;
- (vi) the potential increase in the operation costs in the provision of Construction Materials, including but not limited to logistics costs and labor costs; and
- (vii) a reasonable buffer of approximately 5% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

Pricing Policy

The selling price of the Construction Materials supplied by our Group shall be determined after arm's length negotiations with reference to (i) the anticipated operation costs (including but not limited to costs of materials, logistics costs and labor costs); and (ii) the selling price determined by the Independent Third Parties for providing the comparable construction materials.

The details of the payment mechanism for the payments due to our Group shall be agreed by the relevant parties under separate agreements with reference to the normal commercial terms comparable to those for provision of comparable construction materials by Independent Third Parties to Mr. Li's Companies.

Reasons for the revision of Existing Annual Cap and the setting of New Annual Caps

Considering (i) the number of existing properties owned, used, developed or being developed by Mr. Li's Companies; (ii) the estimated increase in the number of property projects to be developed by Mr. Li's Companies; and (iii) the increasing demand for well-decorated apartments from end customers of Mr. Li's Companies, it is expected that there will be an increase in the purchase demand for the Construction Materials by Mr. Li's Companies.

It is therefore expected that the transaction amount under the Master Construction Material Trading Agreement for the year ending 31 December 2022 will exceed the Existing Annual Cap in respect of the Master Construction Material Trading Agreement. It is also expected that our Group will continue to supply the Construction Materials to Mr. Li's Companies for the financial year ending 31 December 2023. Therefore, our Company entered into the 2022 Supplemental Master Construction Material Trading Agreement for the purpose of extending the term of the Master Construction Material Trading Agreement, increasing the Existing Annual Cap and setting the New Annual Caps.

(F) 2022 SUPPLEMENTAL MASTER INTELLIGENT COMMUNITY SERVICES AGREEMENT

Reference is made to the announcement dated 12 November 2021 of our Company in respect of, among other things, the Master Intelligent Community Services Agreement entered into between our Company and Mr. Li Wa for a term commencing from 12 November 2021 until 31 December 2022.

As it is expected that our Group will continue to provide the Intelligent Community Services to Mr. Li's Companies for the financial year ending 31 December 2023, our Company therefore entered into the 2022 Supplemental Intelligent Community Services Agreement for the purpose of setting the New Annual Cap.

Principal terms

The principal terms of the 2022 Supplemental Master Intelligent Community Services Agreement are as follows:

Date:	22 July 2022
Parties:	(a) our Company; and (b) Mr. Li Wa
Term:	The term of the 2022 Supplemental Master Intelligent Community Services Agreement shall commence from 22 July 2022 up to 31 December 2023 (both dates inclusive). Subject to compliance with the Listing Rules, the 2022 Supplemental Master Intelligent Community Services Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the two financial years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022 respectively, the total amount of service fees received and/or receivable by our Group under the Master Intelligent Community Services Agreement are set out as below:

	(Audited)		(Unaudited)
	Year ended 31 December		Six months
	2020	2021	ended 30 June
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2022
			<i>(RMB'000)</i>
Total service fees received and/or receivable by our Group under the Master Intelligent Community Services Agreement	–	–	26,458

Setting of New Annual Cap

The New Annual Cap under the 2022 Supplemental Master Intelligent Community Services Agreement for the financial year ending 31 December 2023 is RMB160.0 million, which is determined based on:

- (i) the historical transaction amount under the Master Intelligent Community Services Agreement for the six months ended 30 June 2022 and the expected transaction amount under the Master Intelligent Community Services Agreement during the year ending 31 December 2023;
- (ii) the number of expected projects under the estimated number of agreements to be entered into pursuant to the 2022 Supplemental Master Intelligent Community Services Agreement;
- (iii) the estimated duration of the service period of the expected projects based on the average duration of the existing projects;
- (iv) the estimated number of staff required for each expected project based on the average number of staff assigned to each existing project;
- (v) the expected GFA increase of the properties owned, used, developed or being developed by Mr. Li's Companies which will require Intelligent Community Services for the financial year ending 31 December 2023;
- (vi) the expected unit price for such Intelligent Community Services considering the prevailing market rate;
- (vii) the estimated price increase due to product upgrades and introduction of new technology products; and
- (viii) a reasonable buffer of approximately 5% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

Pricing policy

The service fees that our Group will charge for the Intelligent Community Services will be determined after arm's length negotiation with reference to (i) the GFA, location and positioning of the properties; (ii) the anticipated operation costs (including but not limited to labor costs and costs of materials); and (iii) the service fees charged by the Independent Third Parties for providing comparable services.

The details of the payment mechanism for the fees and payments due to our Group shall be agreed by the relevant parties under separate agreements with reference to the normal commercial terms comparable to those for provision of comparable services by Independent Third Parties to Mr. Li's Companies.

Reasons for setting of New Annual Caps

The 2022 Supplemental Master Intelligent Community Services Agreement would (i) enable our Group to capture the opportunities and benefits from the latest property market trend with increasing adoption of more advanced technological solutions, the demand for which can be satisfied by our Group; (ii) further improve the service quality to meet the customers' demands by applying more advanced technological solutions and enhancing the use of information technology in the property management services; (iii) further strengthen the use of more advanced information technology in the property management services; and (iv) increase our Group's income for value-added services, which will thereby increase the total revenue, improve the profitability of our Group and is in line with our Group's strategic development.

Owing to COVID-19 in the PRC and the lock-down in PRC cities, including Shenzhen during the first half of 2022, there has been an unanticipated delay in the completion of the properties owned, used, developed or being developed by Mr. Li's Companies which will require Intelligent Community Services. As it is expected that the COVID-19 situation will be under control in the PRC in the second half of 2022, the performance of contracts entered into under the Master Intelligent Community Services Agreement, which should have taken place during the first half of 2022 but had been suspended, is estimated to resume and proceed expeditiously during the six months ending 31 December 2022. It is also estimated that there will be an increasing demand for Intelligent Community Services as the sales and lease of properties owned, used, developed or being developed by Mr. Li's Companies resumes/increases with the improvement of COVID-19 situation.

As it is expected that our Group will continue to provide the Intelligent Community Services to Mr. Li's Companies for the financial year ending 31 December 2023, our Company therefore entered into the 2022 Supplemental Master Intelligent Community Services Agreement for the purpose of extending the term of the Master Intelligent Community Services Agreement and setting the New Annual Cap.

THE VIEW OF THE BOARD

In light of the above, the Directors (including all independent non-executive Directors) consider that the terms of the New Agreements, the Relevant Annual Caps, the 2022 Supplemental Property Agency Services Framework Agreement, the 2022 Supplemental Master Commercial Properties Lease Agreement, and the 2022 Supplemental Master Intelligent Community Services Agreement and the New Annual Caps thereunder are fair and reasonable as far as the Shareholders are concerned, and the transactions contemplated under such agreements are conducted on normal commercial terms or better and in the ordinary and usual course of business of our Company, and in the interest of our Company and the Shareholders as a whole.

In light of the above, the Directors (excluding all independent non-executive Directors, who will provide their view in the circular after considering the letter from the Independent Financial Adviser) consider that the terms of the 2022 Supplemental Master Property Management Services Agreement, the 2022 Supplemental Master Supply and Installation Agreement and the 2022 Supplemental Master Construction Material Trading Agreement and the New Annual Caps thereunder are fair and reasonable as far as the Shareholders are concerned and the transactions contemplated under such agreements are conducted on normal commercial terms or better and in the ordinary and usual course of business of our Company, and in the interest of our Company and the Shareholders as a whole.

INTERNAL CONTROL

In order to further safeguard the interests of the Shareholders as a whole, our Group has implemented the following internal control measures in relation to the continuing connected transactions under the New Agreements and the Supplemental Agreements:

- (i) the general manager of the business department and finance department will closely monitor the transactions to ensure that the transaction amount does not exceed the annual cap of each of the New Agreements and the Supplemental Agreements;
- (ii) the implementation of specific contracts shall be subject to the appropriate approval of the general manager of the business department, finance department, risk control department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of each of the New Agreements and the Supplemental Agreements;
- (iii) the general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (iv) our Company's external auditors will review the continuing connected transactions under each of the New Agreements and the Supplemental Agreements annually to confirm, among other things, whether the pricing policies have been adhered to and whether the relevant annual caps have been complied with; and

- (v) the independent non-executive Directors will continue to review the continuing connected transactions under each of the New Agreements and the Supplemental Agreements annually to confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of our Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by our Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies.

INFORMATION OF THE PARTIES

Our Company

Our Company was incorporated in the Cayman Islands on 13 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. Our Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services and related value-added services in the PRC.

The Group

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

Mr. Li Wa

Mr. Li Wa is the founder of Excellence Real Estate and had over 25 years of experience in real estate investment, property development and corporate management. He is a controlling shareholder of our Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Li Wa is a controlling shareholder of our Company and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the New Agreements and the Supplemental Agreements will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Relevant Annual Caps under each of the New Agreements are, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the New Agreements are subject to the reporting, announcement and annual review requirements but are exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, our Company has to re-comply with the requirements under Chapter 14A of the Listing Rules applicable to respective annual caps of the transactions under the Relevant Agreements before the Existing Annual Caps are exceeded or our Company proposes to renew the Relevant Agreements.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the New Annual Caps for each of the 2022 Supplemental Master Property Management Services Agreement, the 2022 Supplemental Master Supply and Installation Agreement and the 2022 Supplemental Master Construction Material Trading Agreement exceed 5%, according to Chapter 14A of the Listing Rules, the transactions contemplated thereunder will be subject to, among others, the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among others, (i) further details of the 2022 Supplemental Master Property Management Services Agreement, the 2022 Supplemental Master Supply and Installation Agreement and the 2022 Supplemental Master Construction Material Trading Agreement; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM, will be dispatched by our Company to the Shareholders in due course. As additional time is required to finalise certain information contained in the circular, our Company expects to dispatch the circular on or around 12 August 2022.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the New Annual Caps under each of the 2022 Supplemental Property Agency Services Framework Agreement, the 2022 Supplemental Master Commercial Properties Lease Agreement and the 2022 Supplemental Master Intelligent Community Services Agreement are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Excellence Group forms part of Mr. Li's Companies and that (i) Mr. Li Xiaoping serves as a vice chairman and president of Excellence Real Estate and a director or general manager in certain subsidiaries of Excellence Group; (ii) Mr. Wang Yinhu serves as a general manager of the financing department of Excellence Group; and (iii) Mr. Wang Dou serves as a director and vice president of Excellence Group and a director in certain subsidiaries of Excellence Group, each of Mr. Li Xiaoping, Mr. Wang Yinhu and Mr. Wang Dou are considered as having material interests in the New Agreements and the Supplemental Agreements and the transactions contemplated thereunder. Accordingly, Mr. Li Xiaoping, Mr. Wang Yinhu and Mr. Wang Dou were required to abstain from voting on the relevant resolutions at the Board meeting. Save as disclosed, none of the Directors was required to abstain from voting on the relevant resolutions at the Board meeting.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“2022 Supplemental Master Commercial Properties Lease Agreement”	the 2022 supplemental master commercial properties lease agreement dated 22 July 2022 entered into between our Company and Mr. Li Wa
“2022 Supplemental Master Construction Material Trading Agreement”	the 2022 supplemental master construction material trading agreement dated 22 July 2022 entered into between our Company and Mr. Li Wa

“2022 Supplemental Master Intelligent Community Services Agreement”	the 2022 supplemental master intelligent community services agreement dated 22 July 2022 entered into between our Company and Mr. Li Wa
“2022 Supplemental Master Property Management Services Agreement”	the 2022 supplemental master property management services agreement dated 22 July 2022 entered into between our Company and Mr. Li Wa
“2022 Supplemental Master Supply and Installation Agreement”	the 2022 supplemental master supply and installation agreement dated 22 July 2022 entered into between our Company and Mr. Li Wa
“2022 Supplemental Property Agency Services Framework Agreement”	the 2022 supplemental property agency services framework agreement dated 22 July 2022 entered into between our Company and Mr. Li Wa
“Apartments”	the apartments to be leased by our Group under the Master Apartment Properties Lease Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Car Parking Lots”	certain car parking lots situated in the residential and commercial properties managed by our Company for sub-leasing to residents and tenants in those residential and commercial properties, pursuant to the 2022 Supplemental Master Commercial Properties Lease Agreement
“Commercial Properties”	Car Parking Lots and the Public Area
“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)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Construction Materials”	construction materials including wires and cables, ceramic tiles and wooden flooring
“controlling shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“COVID-19”	the coronavirus disease which was first reported in late 2019
“Decoration and Maintenance Services Framework Agreement”	the decoration and maintenance services framework agreement dated 22 July 2022 entered into between our Company and Mr. Li Wa

“Decoration and Maintenance Services”	means the decoration and maintenance services to be provided by our Group under the Decoration and Maintenance Services Framework Agreement, the service scope of which includes, but is not limited to, providing interior decoration and design services, foundation and basic engineering contracting services, professional fire protection facilities engineering contracting services, design and construction services relating to environmentally-friendly engineering projects, and pre-delivery decoration and cleaning services
“Director(s)”	the director(s) of our Company
“EGM”	an extraordinary general meeting of our Company to be convened for the purpose of considering and, if thought fit, approving, among others, the New Annual Caps of the 2022 Supplemental Master Property Management Services Agreement, the 2022 Supplemental Master Supply and Installation Agreement and the 2022 Supplemental Master Construction Material Trading Agreement
“Excellence Group”	Excellence Real Estate and its subsidiaries
“Excellence Real Estate”	Excellence Real Estate Group Co., Ltd. (卓越置業集團有限公司), a company established in the PRC with limited liability on 21 June 1996, which is indirectly owned as to 95% by Mr. Li Wa (李華) and 5% by Mr. Li Xiaoping (李曉平)
“Existing Annual Caps”	the annual caps under the Relevant Agreements for the year ending 31 December 2022 (as the case may be)
“GFA”	gross floor area
“Group”	our Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, which has been established for the purpose of advising the Independent Shareholders in respect of the New Annual Caps of the 2022 Supplemental Master Property Management Services Agreement, the 2022 Supplemental Master Supply and Installation Agreement and the 2022 Supplemental Master Construction Material Trading Agreement

“Independent Financial Adviser”	the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the New Annual Caps of the 2022 Supplemental Master Property Management Services Agreement, the 2022 Supplemental Master Supply and Installation Agreement and the 2022 Supplemental Master Construction Material Trading Agreement
“Independent Shareholders”	the Shareholders other than (i) Mr. Li Wa and his associates and (ii) any Shareholder who has a material interest in the transactions who, pursuant to the Listing Rules, must abstain from voting on the board resolutions approving the New Agreements and Supplemental Agreements and other related matters
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company
“Intelligent Community Services”	Property Projects Services, Intelligent Community Software Development Services and On-site Equipment Installation
“Intelligent Community Software Development Services”	services of intelligent community software development and testing, production environment software and hardware debugging, property project on-site software and hardware debugging
“Listing Date”	19 October 2020
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Apartment Properties Lease Agreement”	the master apartment properties lease agreement dated 22 July 2022 entered into between our Company and Mr. Li Wa
“Master Commercial Properties Lease Agreement”	the master commercial properties lease agreement dated 5 October 2020 entered into between our Company and Mr. Li Wa
“Master Construction Material Trading Agreement”	the master construction material trading agreement dated 12 November 2021 entered into between our Company and Mr. Li Wa
“Master Intelligent Community Services Agreement”	the master intelligent community services agreement dated 12 November 2021 entered into between our Company and Mr. Li Wa
“Master Parking Spaces’ Use Right Purchase Agreement”	the master parking spaces’ use right purchase agreement dated 22 July 2022 entered into between our Company and Mr. Li Wa

“Master Property Management Services Agreement”	the master property management services agreement dated 5 October 2020 entered into between our Company and Mr. Li Wa
“Master Supply and Installation Agreement”	the master supply and installation agreement dated 5 October 2020 entered into between our Company and Mr. Li Wa
“Mr. Li Wa”	Mr. Li Wa (李華), a controlling shareholder of our Company
“Mr. Li’s Companies”	companies which are associates (as defined under the Listing Rules) of Mr. Li Wa
“New Agreements”	the Master Parking Spaces’ Use Right Purchase Agreement, the Decoration and Maintenance Services Framework Agreement and the Master Apartment Properties Lease Agreement
“New Annual Caps”	the annual caps under the Supplemental Agreements for the years ending 31 December 2022 and/or 31 December 2023 accordingly (as the case may be)
“On-site Equipment Installation”	services of on-site electronic equipment installation, joint testing and handover of property project management personnel for property projects
“Parking Spaces”	the parking spaces located at the properties owned, used, developed or being developed by Mr. Li’s Companies in the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Property Agency Services Framework Agreement”	the property agency services framework agreement dated 5 October 2020 entered into between our Company and Mr. Li Wa
“Property Agency Services”	the property agency services which our Group agreed to provide in respect of the sales of (i) residential and commercial properties and parking spaces developed or being developed by Mr. Li’s Companies, and (ii) the unleased units in the office buildings, unleased ancillary commercial units in the residential communities and unleased parking spaces owned by Mr. Li’s Companies and managed by our Group

“Property Management Services”	the property management services to be provided by our Group under the Master Property Management Services Agreement, the service scope of which includes, but is not limited to, (i) pre-delivery services including (a) the on-site security, cleaning, and display units and on-site sales office management services; (b) preliminary planning and design consultancy services; (c) house inspection; and (d) pre-delivery cleaning services; and (ii) the property management services for the unsold residential property units and commercial properties owned and used by Mr. Li’s Companies
“Property Projects Services”	intelligent community technical blueprints for property projects (including but not limited to parking lot management, closed-circuit monitoring management, access control systems, intelligent consumption, elevator management, security patrols, and remote meter reading)
“Prospectus”	the prospectus of our Company dated 7 October 2020
“Public Area”	certain public areas in the commercial properties held by Mr. Li’s Companies and managed by our Company for commercial use, including but not limited to advertisement and provision of car wash services, pursuant to the Master Commercial Properties Lease Agreement
“Relevant Agreements”	the Property Agency Services Framework Agreement, the Master Property Management Services Agreement, the Master Supply and Installation Agreement, the Master Commercial Properties Lease Agreement, the Master Intelligent Community Services Agreement, and the Master Construction Material Trading Agreement
“Relevant Annual Caps”	the annual caps under the New Agreements for the two financial years ending 31 December 2022 and 31 December 2023 (as the case may be)
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares in our Company from time to time
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Agreements”	the 2022 Supplemental Property Agency Services Framework Agreement, the 2022 Supplemental Master Property Management Services Agreement, the 2022 Supplemental Master Supply and Installation Agreement, the 2022 Supplemental Master Commercial Properties Lease Agreement, the 2022 Supplemental Master Intelligent Community Services Agreement, and the 2022 Supplemental Master Construction Material Trading Agreement
“System Supply and Installation Services”	the system supply and installation services which our Group agreed to provide, which includes to provide assistance to the supply of the Systems and related installation services to Mr. Li’s Companies
“Systems”	the (a) ventilation and air conditioning system; (b) floor heating and water heating system; (c) light current engineering system, including but not limited to, the parking lot gates, the access gates and video surveillance cameras; (d) water supply and drainage engineering system and heavy current engineering system; and (e) electrical system
“%”	per cent.

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

Hong Kong, 22 July 2022

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.