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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)**

**INSIDE INFORMATION**

**ANNOUNCEMENT ON ARBITRATION INVOLVING A SUBSIDIARY**

This announcement is made by Excellence Commercial Property & Facilities Management Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**Introduction**

On 9 November 2022, the Company received a notification from Shenzhen Excellence Property Management Co., Ltd.\* (深圳市卓越物業管理有限責任公司), an indirect wholly-owned subsidiary of the Company (the “**Subsidiary**”), that it had been served with a notice of arbitration issued by the Shanghai Arbitration Commission and the other relevant documents (the “**Relevant Documents**”) in relation to a dispute (the “**Dispute**”) over a sale and purchase agreement (the “**Agreement**”) in relation to the acquisition of certain equity interest of a company (the “**Target Company**”) involving Shenzhen Xishui Operation and Management Co., Ltd.\* (深圳市溪水運營管理有限公司) (“**Shenzhen Xishui**”), which was a subsidiary of the Company until 22 December 2021, and the Subsidiary as the respondents (the “**Respondent(s)**”) and Hangzhou New Normal Investment Management Partnership (Limited Partnership)\* (杭州新常態投資管理合夥企業(有限合夥)) (“**Hangzhou New Normal**”) and Mr. Zhong Jinqiang\* (鍾金強) as the applicants (the “**Applicants**”) (the “**Arbitration**”). As at the date of this announcement, Shenzhen Xishui was no longer a subsidiary of the Company and the Group has ceased to have any interest in Shenzhen Xishui. For further details of the disposal of Shenzhen Xishui, please refer to the announcement of the Company dated 22 December 2021.

## **Applicants' claims**

To the best knowledge and information of the Company, as at the date of this announcement, the Target Company was held as to 60% by Shenzhen Xishui and 40% by Hangzhou New Normal (the “**Target Interest**”). Pursuant to the Relevant Documents, the Applicants alleged that Shenzhen Xishui, as an agent of the Subsidiary, failed to acquire the Target Interest (the “**Alleged Acquisition**”) pursuant to the Agreement and claimed against the Respondents the following:

- (1) the Respondents should pay the Applicants RMB20.8 million being damages for the breach of the Agreement calculated at RMB0.05 million per day from 20 August 2021 to 10 October 2022 (the last day of the calculation period will be further revised to cover the date of completion of the Alleged Acquisition);
- (2) the Respondents should complete the Alleged Acquisition and pay Hangzhou New Normal a cash consideration calculated based on 40% of the audited net profit of the Target Company for the financial year 2020, multiplied by 12; and
- (3) costs.

## **Actions to be taken by the Group**

The Group has engaged legal advisers in the People's Republic of China to handle the Arbitration, and expects that the Subsidiary will defend in the Arbitration to protect its legitimate interests. According to the preliminary assessment of the Company, the Company believed that the Subsidiary should not be involved as a Respondent under the Arbitration. As at the date of this announcement, no arbitral award was granted in respect of the Dispute.

The Company will keep the shareholders of the Company and the potential investors informed of any related progress by way of further announcement(s) as and when appropriate in accordance with relevant requirements.

## **Impact of the Arbitration on the Group**

Based on the current assessment and as of the date of this announcement, the Arbitration has no material impact on the daily operation of the Group as a whole. As at the date of this announcement, the Subsidiary is carrying out its operation as usual. While it is expected that the Subsidiary will defend the Arbitration, as the Arbitration is still at an early stage, it is difficult to predict the final outcome of the Arbitration with certainty and the Company is still assessing the merits of the Arbitration and financial impact of the Arbitration on the Group. Further announcement(s) will be made by the Company as and when appropriate in accordance with relevant requirements.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 7 December 2022

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

*\* For identification purposes only*