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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 ACQUISITION OF THE TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that on 1 April 2021, the Purchaser entered into the Agreement with the Vendors, the Guarantor, the Target Company and the Remaining Shareholder, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Interest, representing 75% equity interest of the Target Company, for a Consideration of RMB225.0 million.

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 Acquisition are more than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 1 April 2021 (after trading hours), the Purchaser entered into the Agreement with the Vendors, the Guarantor, the Target Company and the Remaining Shareholder, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Interest, representing 75% equity interest of the Target Company, for a Consideration of RMB225.0 million.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

1 April 2021

Parties

- (1) Shenzhen Excellence Operation Management Co., Ltd.* as purchaser;
- (2) Beijing Shiyuan Guanghua Real Estate Development Co., Ltd.* as vendor;
- (3) Beijing Guanghua Road No. 5 Trading Co., Ltd.* as vendor;
- (4) Mr. Wei Ping as guarantor;
- (5) Beijing Global Wealth Property Management Co., Ltd.* as target company; and
- (6) Shanghai Wanxing Investment Consulting Co., Ltd.* as the remaining shareholder of the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors, the Target Company, the Remaining Shareholder and their respective ultimate beneficial owners and Mr. Wei Ping are Independent Third Parties as at the date of this announcement.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Interest, being 30% the equity interest in the Target Company held by Vendor A and 45% equity interest in the Target Company held by Vendor B.

Consideration

The Consideration is RMB225.0 million which shall be payable by the Purchaser to the Vendors in cash to the bank accounts designated by Vendor A and Vendor B in the following manner:

- (i) RMB112.5 million as first instalment shall be payable by the Purchaser to the Vendors within 10 Working Days upon written confirmation issued by the Purchaser on the fulfillment of the following conditions:–
 - (a) resolution in relation to the Acquisition having been passed by the board of directors of the Target Company and the Remaining Shareholder having waived its pre-emptive rights to acquire the Interest;
 - (b) all necessary legal procedures required for the registration of the transfer of the Interest to the Purchaser having been completed and the new business licence certificate having been issued;
 - (c) all necessary legal procedures required for the change of the composition of the board of directors, supervisors and senior management of the Target Company having been completed;
 - (d) Vendor A having executed the Mortgage in favour of the Purchaser as second mortgagee;
 - (e) the historical shareholders of the Target Company having delivered a written confirmation to the Purchaser confirming that their respective historical equity transfers in respect of the Target Company have been completed and settled;
 - (f) each of the Vendors and the Guarantor has agreed to guarantee the obligations of the Vendors and the Guarantor under the Agreement on a joint and several basis;
 - (g) Vendor A having entered into relevant property management agreement with the Target Company;
 - (h) all necessary legal procedures required for the registration of the Share Charges having been completed;
 - (i) there having been no other pledges or restrictions on the transfer of the Interest save for the Share Charges; and
 - (j) the Target Company, the Vendors, the Guarantor and the Remaining Shareholder not having committed any breaches under the Agreement;

(for the avoidance of doubt, it was intended that all the applicable percentage ratios (except for the profit ratio) in respect of the highest annual cap of the relevant property management agreement mentioned in (g) above will be less than 1%, the relevant property management agreement constitutes a fully exempted continuing connected transaction of the Company upon Completion under Chapter 14A of the Listing Rules.)

- (ii) RMB67.5 million as second instalment shall be payable by the Purchaser to the Vendors within 10 Working Days upon written confirmation issued by the Purchaser on the fulfillment of the following conditions:-
- (a) the Target Company's financial statements for the year ended 31 December 2020 having been provided to the Purchaser;
 - (b) the operational and administrative documents and items having been provided to the Purchaser;
 - (c) the books and records of the Target Company shall be managed by the Purchaser and the Vendors and kept at the registered office of the Target Company, with the access keys having been provided to be held in custody by the Purchaser;
 - (d) the Target Company having received a tax clearance certificate from the relevant tax authority;
 - (e) the conditions precedent to the payment of the first instalment remaining fulfilled;
 - (f) the first mortgagee to the property mortgaged under the Mortgage having been released and the Purchaser having become the first mortgagee under the Mortgage; and
 - (g) the Target Company, the Vendors, the Guarantor and the Remaining Shareholder not having committed any breaches under the Agreement.
- (iii) RMB45.0 million as third instalment shall be payable by the Purchaser to the Vendors, within 6 months after Completion Date (the "**6-month Adjustment Period**") or 10 Working Days upon written confirmation issued by the Purchaser on the fulfillment or waiver (as the case may be) of the following conditions:-
- (a) all rectifications required by the Purchaser upon completion of the due diligence reviews conducted on the Target Company having been rectified;
 - (b) the Target Company having managed all existing employment contracts, and that any contractual or employment compensation or expenses shall be borne by the Vendors and the Remaining Shareholder;
 - (c) within 60 days of Completion, the Purchaser shall complete the audit on the Target Company for the period from 30 November 2020 to the Completion and make relevant rectification requests, and that the Target Company, the Vendors, and the Guarantor and the Remaining Shareholder shall rectify such requests within the 6-month Adjustment Period;

- (d) within 6 months of the date of the Agreement, Vendor B and the Target Company shall terminate the contract entered into by and amongst Vendor B, the Target Company and Huibo Parking on 22 October 2019 in respect of car parking lot rights, and release all obligations and responsibilities by the Target Company;
- (e) the Target Company having completed the financial auditing by an independent auditor, who shall be appointed by the Purchaser; and
- (f) the Target Company, the Vendors, the Guarantor and the Remaining Shareholder not having committed any breaches under the Agreement.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors with reference to, among other things, (i) the Interest; (ii) the unaudited net profit after tax of the Target Company for the year ended 31 December 2020 of approximately RMB28.32 million; (iii) the price to earnings ratio of 10.59; (iv) the performance guarantee given by the Vendors, the Remaining Shareholder and the Guarantor as set out in the section headed "Performance guarantee" below; (v) the future business prospects of the Target Company; and (vi) other reasons and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" below. The Consideration shall be settled in cash using net proceeds raised from the Global Offering which were allocated for the purpose of strategic acquisitions and investments. As at the date of this announcement, the Directors confirm that the Target Company met the acquisition criteria as disclosed in the Prospectus.

The Directors (including the independent non-executive Directors) consider that the Consideration (including the price to earnings ratio of 10.59) is fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Completion

Completion takes place upon fulfillment of condition precedent (b) to the first instalment of the Consideration. Upon Completion, the Group will be interested in 75% equity interests in the Target Company and the Target Company will become an indirectly non-wholly owned subsidiary of the Company and its results will be consolidated into the financial information of the Group.

Performance guarantee

Pursuant to the Agreement, the Vendors, the Guarantor and the Remaining Shareholder, on a joint and several basis, irrevocably warrant and guarantee to the Purchaser that the revenue generated from the property management projects managed by the Target Company in the relevant period below (the "**Relevant Periods**" and each a "**Relevant Period**") will not be less than the following amounts ("**Guaranteed Revenue**"):

Relevant Period	Guaranteed Revenue
For the year ending 31 December 2021	$N1 = N \times (1+0.03)$
For the year ending 31 December 2022	$N2 = N1 \times (1+0.03)$
For the year ending 31 December 2023	$N3 = N2 \times (1+0.03)$
For the year ending 31 December 2024	$N4 = N3 \times (1+0.03)$
For the year ending 31 December 2025	$N5 = N4 \times (1+0.03)$

where “N” = the revenue generated from property management projects managed by the Target Company for the year ended 31 December 2020.

If the revenue for a Relevant Period is less than Guaranteed Revenue for the Relevant Period, then the Vendors, the Guarantor and the Remaining Shareholder shall pay to the Target Company a compensation amount equivalent to the difference between the actual revenue and the Guaranteed Revenue.

However if the Target Company increases its fees of all property management services by 10% before 31 December 2021, the above guarantee by the Vendors, the Guarantor and the Remaining Shareholder on the Guaranteed Revenue in the four financial years ending 31 December 2025 shall be waived.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company is principally engaged in commercial property management services in Beijing, PRC. The Acquisition will further consolidate the Group’s leading position in commercial property management and expand growth by seeking business opportunities in Beijing’s central business district. The project managed by the Target Company is a large-scale commercial property management project for a landmark office building located around East Third Ring Road in Beijing, with a central geographical location and excellent building quality. The tenants and the property owners of the building are mostly well-known companies in China and multi-national companies. The building is also the first building in China to obtain the United States Federal Green Building Council (USGBC) green gold level (LEED™Gold) certification and shows to the extraordinary reputation of the building. The Acquisition will also further enhance the Group’s brand image and awareness in Beijing and the Northern China region, create a synergy with the Group’s local surrounding projects which will help improve the Group’s operating efficiency, promote long-term business growth of the Group and bring better returns to the Shareholders.

In view of the above, the Board believes that the Acquisition will provide a source of additional income and make a positive contribution to the Group. The Board also believes that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

FINANCIAL INFORMATION ON THE TARGET COMPANY

Based on the unaudited consolidated financial statements of the Target Company, the financial information of the Target Company for the year ended 31 December 2019 and 2020 is set out below:

	For the financial year ended	
	31 December	
	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit before tax	44,070	37,760
Net profit after tax	33,060	28,320

The unaudited net asset value of the Target Company as at 31 December 2020 was approximately RMB58.9 million.

The decrease in net profit of the Target Company for the year ended 31 December 2020 as compared to that for the year ended 31 December 2019 was attributable to the cessation of decoration services business engaged by the Target Company in 2020 as it was not the core business of the Target Company.

INFORMATION ON THE PARTIES

The Group

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

The Purchaser

The Purchaser is an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

The Vendors, the Guarantor and the Remaining Shareholder

Vendor A is a company established in the PRC with limited liability and is principally engaged in property development, leasing and sales of properties.

The Remaining Shareholder is a company established in the PRC with limited liability and is principally engaged in consulting services in investment, corporate management, financial information and project planning.

As at the date of this announcement, based on the public information available and having made reasonable enquiries with the Vendors, the Remaining Shareholder and the Guarantor, the ultimate registered shareholder of Vendor A and the Remaining Shareholder is Mr. Yang Kaijun (楊凱軍), and the ultimate beneficial owner of Vendor A and the Remaining Shareholder is the Guarantor.

Vendor B is a company established in the PRC with limited liability and is principally engaged in businesses in the retail industry. As at the date of this announcement, based on the public information available and having made reasonable enquiries with the Vendors, the Remaining Shareholder and the Guarantor, the ultimate registered shareholders of Vendor B are Mr. Sun Yang (孫揚) and Mr. Hou Weimin (候維民), and the ultimate beneficial owner of Vendor B is the Guarantor. Vendor B is beneficially and wholly owned by the Guarantor.

The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in property management business. As at the date of this announcement, the Target Company was owned as to 45% by Vendor A, 45% by Vendor B and 10% by the Remaining Shareholder.

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 Acquisition are more than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification and announcement requirements but is exempt from shareholders' approval requirement under the Listing Rules.

Completion is subject to the fulfillment of the conditions precedent, and the Acquisition may or may not proceed. The shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Interest by the Purchaser from the Vendors pursuant to the Agreement
“Agreement”	the agreement dated 1 April 2021 entered into by and among the Purchaser, the Target Company, the Vendors, the Guarantor and the Remaining Shareholder in relation to the acquisition of the Interest
“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 Acquisition pursuant to the terms and conditions of the Agreement and upon issuance of the new business registration certificate of the Target Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Interest, being RMB225.0 million
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong public offering and the international offering as defined in the Prospectus
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Wei Ping (衛平)
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huibo Parking”	Huibo Parking Development (Shanghai) Co., Ltd. (慧泊停車發展(上海)有限公司), a company established in the PRC with limited liability and is an Independent Third Party.
“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

“Interest”	30% the equity interest in the Target Company held by Vendor A and 45% equity interest in the Target Company held by Vendor B
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mortgage”	the mortgage to be executed by Vendor A in favour of the Purchaser in respect of a property owned by Vendor A to secure the obligations of Vendor A under the Agreement
“PRC”	the People’s Republic of China
“PRC GAAP”	the generally accepted accounting principles in the PRC
“Prospectus”	the prospectus of the Company dated 7 October 2020
“Purchaser”	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 and an indirect wholly-owned subsidiary of the Company
“Remaining Shareholder”	Shanghai Wanxing Investment Consulting Co., Ltd.* (上海萬興投資顧問有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share Charges”	two share charges to be executed by Vendor A and the Remaining Shareholder, respectively, in favour of the Purchaser in respect of the remaining equity interests held by each of them in the Target Company to secure their respective obligations under the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Global Wealth Property Management Co., Ltd.* (北京市環球財富物業管理有限公司), a company established in the PRC with limited liability
“Vendors”	Vendor A and Vendor B
“Vendor A”	Beijing Shiyuan Guanghua Real Estate Development Co., Ltd.* (北京世源光華房地產開發有限公司), a company established in the PRC with limited liability

“Vendor B”	Beijing Guanghai Road No. 5 Trading Co., Ltd.* (北京光華路五號貿易有限公司), a company established in the PRC with limited liability
“Working Day(s)”	any day which banks in the PRC are open for business, except Saturdays, Sundays and statutory holidays as announced by the PRC government
“%”	per cent.

* *for identification purpose only.*

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

Hong Kong, 6 April 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.