

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)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN THE TARGET COMPANY

THE DISPOSAL

Reference is made to the Prospectus in relation to, among other things, the Shenzhen Zhuotou Framework Agreement entered into between Excellence Property Management (an indirect wholly-owned subsidiary of the Company) and the Purchaser on 15 May 2020, pursuant to which the Group has conditionally agreed to transfer the entire equity interests in the Target Company to the Purchaser after 3 May 2021.

On 3 November 2021 (after trading hours), Excellence Property Management and the Purchaser entered into the Share Transfer Agreement in relation to the Disposal, pursuant to which Excellence Property Management has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interests in the Target Company (i.e. the Sale Interest) at the cash Consideration of RMB305,095,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but all are less than 25%, the Disposal constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser is approximately owned as to 50% by Ms. Li Xiaohong (the sister of Mr. Li Wa), 49.5% by Mr. Wang Qing (the cousin of Mr. Li Wa) and 0.5% by Mr. Li Xiaoping (the elder brother of Mr. Li Wa and an executive Director). Mr. Li Wa is a controlling shareholder of the Company. Hence, the Purchaser, being a majority-controlled company held indirectly by the family members of Mr. Li Wa, is an associate of Mr. Li Wa and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Share Transfer Agreement and the transactions contemplated thereunder. Mr. Li Wa, Mr. Li Xiaoping and their respective associates are required to abstain from voting on the resolution(s) approving the Share Transfer Agreement and the transactions contemplated thereunder at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Disposal and is required to abstain from voting on the resolution(s) approving the Share Transfer Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) details of the Disposal; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal; (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; and (iv) the notice of EGM and the proxy forms will be despatched to the Shareholders on or before 3 December 2021, as additional time will be required to finalise certain information to be included in the circular.

Shareholders and potential investors of the Company should note that completion of the Disposal is subject to the satisfaction of the conditions precedent set out in the Share Transfer Agreement and may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.

SHARE TRANSFER AGREEMENT

Reference is made to the Prospectus in relation to, among other things, the Shenzhen Zhuotou Framework Agreement entered into between Excellence Property Management (an indirect wholly-owned subsidiary of the Company) and the Purchaser on 15 May 2020, pursuant to which the Group has conditionally agreed to transfer the entire equity interests in the Target Company to the Purchaser after 3 May 2021.

On 3 November 2021 (after trading hours), Excellence Property Management and the Purchaser entered into the Share Transfer Agreement pursuant to which Excellence Property Management has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interests in the Target Company for a cash Consideration of RMB305,095,000. Summary of the principal terms of the Share Transfer Agreement is as follows:

Date

3 November 2021 (after trading hours)

Parties

- (a) Excellence Property Management (an indirect wholly-owned subsidiary of the Company) as the vendor; and
- (b) Shenzhen Zhuoyue Venture Capital Co., Ltd* (深圳市卓越創業投資有限責任公司), as the Purchaser.

Assets to be disposed of

Excellence Property Management has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Interest. The Sale Interest represents the entire equity interests of the Target Company.

Consideration

The Consideration, being approximately RMB305,095,000, was determined after arm's length negotiations between Excellence Property Management and the Purchaser, with reference to (i) the unaudited net asset value of the Target Company as at 30 June 2021 of approximately RMB304.83 million; (ii) the valuation of the market value of the entire equity interests of the Target Company as at 30 June 2021 of RMB305,095,000 as appraised by an independent professional valuer based on market value approach; and (iii) the historical financial performance of the Target Company.

As at the date of this announcement, as prepayment of the Consideration, the Purchaser has already paid to Excellence Property Management a refundable deposit of RMB300 million. The remaining balance of the Consideration in the amount of RMB5,095,000 shall be settled by the Purchaser in full by cash within 10 days from the date of the Share Transfer Agreement (the "**Balance**"). Upon completion of the Disposal, the refundable deposit shall be applied in full to settle the Consideration.

Conditions precedent

Completion of the Disposal shall be conditional upon the fulfilment of the following conditions (the "**Conditions**"):

- (a) all necessary consents and approvals pursuant to applicable laws, rules and regulations (including the Listing Rules) having been obtained by both parties as well as the Company (including but not limited to the obtaining of Independent Shareholders' approval at the EGM by the Company pursuant to the Listing Rules);
- (b) all necessary approvals in respect of the Share Transfer Agreement and the transactions contemplated thereunder having been obtained from the institution with supervisory functions in the microfinance industry in the PRC; and
- (c) all necessary internal approvals and consents from third parties having been obtained.

The registration procedures for the transfer of the Sale Interest to the Purchaser shall be completed after the Balance has been settled by the Purchaser and within 30 days of the fulfilment of all the Conditions. If any of the Conditions is not fulfilled, the parties may terminate the Share Transfer Agreement and Excellence Property Management shall refund to the Purchaser any and all sums paid within 15 days from the date of such termination. Upon termination, the rights and obligations of the parties shall cease and determine save for any antecedent breaches of the terms of the Share Transfer Agreement and the disclosure restrictions thereunder.

REASONS FOR AND THE BENEFITS OF THE DISPOSAL

The Target Company was established in May 2018 to provide finance services to customers of the property management service business of the Group who had financing needs. It specialises in micro-lending business in Shenzhen, the PRC. However, as the property management business of the Group continued to expand, the Group realized that the synergies between the finance services and property management services were not as significant as expected. Firstly, the customer base of the Target Company and those of the Group's property management service business are not entirely the same. Also, the Group's return on asset relating to the finance services business segment of 4.5% and 6.2% in 2019 and 2020 respectively was much lower as compared to that of the property management business of 19.8% and 9.9% in 2019 and 2020 respectively. In addition, the finance services contributed to only an insignificant portion of the Group's revenue, however, it diverts the Group's operational resources and management attention.

In view of the above, the Board believes that the Disposal will allow the Group to strategically focus on property management business as its core business. The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from Gram Capital) believe that the terms of the Disposal are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Immediately after the completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Company's financial statements.

It is estimated that the Group will record a gain on the Disposal in the amount of approximately RMB265,000, which is calculated based on the difference between the Consideration and the net asset value of the Target Company as at 30 June 2021. The actual gain or loss arising from the Disposal will be dependent on the combined net asset value of the Target Company attributable to the Company as of the completion date, and will be subject to the review and audit by the auditor of the Company and may be different from the expected amount as stated above.

The net proceeds from the Disposal are intended to be used by the Group as general corporate purposes.

FINANCIAL INFORMATION ON THE TARGET COMPANY

Based on the consolidated financial statements of the Target Company, the financial information of the Target Company for the two years ended 31 December 2020 and the six months ended 30 June 2021 is set out below:

	For the financial year ended 31 December		For the six months ended
	2019	2020	30 June 2021
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Net profit before tax	28,047,641	24,758,050	3,115,190
Net profit after tax	20,772,946	18,547,192	2,336,393

The audited net asset value of the Target Company as at 31 December 2020 was approximately RMB321.29 million and the unaudited net asset value of the Target Company as at 30 June 2021 was approximately RMB304.83 million.

INFORMATION ON THE PARTIES

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

The Purchaser is a limited liability company established in the PRC principally engaged in venture capital business and related agency and consultancy services. The Purchaser is ultimately beneficially owned as to 50%, 49.5% and 0.5% by Ms. Li Xiaohong, Mr. Wang Qing and Mr. Li Xiaoping, respectively.

BOARD APPROVAL

As Mr. Li Xiaoping, an executive Director and the chairman of the Company, is also the general manager of the Purchaser and indirectly holds 0.5% equity interests in the Purchaser, he is considered as having a material interest in the transactions contemplated under the Share Transfer Agreement. Accordingly, Mr. Li Xiaoping has abstained from voting on the Board resolution approving the Share Transfer Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors was required to abstain from voting on the relevant Board resolution.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but all are less than 25%, the Disposal constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser is approximately owned as to 50% by Ms. Li Xiaohong (the sister of Mr. Li Wa), 49.5% by Mr. Wang Qing (the cousin of Mr. Li Wa) and 0.5% by, Mr. Li Xiaoping (the elder brother of Mr. Li Wa and an executive Director). Mr. Li Wa is a controlling shareholder of the Company. Hence, the Purchaser, being a majority-controlled company held indirectly by the family members of Mr. Li Wa, is an associate of Mr. Li Wa and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Share Transfer Agreement and the transactions contemplated thereunder. Mr. Li Wa, Mr. Li Xiaoping and their respective associates are required to abstain from voting on the resolution(s) approving the Share Transfer Agreement and the transactions contemplated thereunder at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Disposal and is required to abstain from voting on the resolution(s) approving the Share Transfer Agreement and the transactions contemplated thereunder at the EGM.

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the terms of the Share Transfer Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Disposal; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal; (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; and (iv) the notice of EGM and the proxy forms will be despatched to the Shareholders on or before 3 December 2021, as additional time will be required to finalise certain information to be included in the circular.

Shareholders and potential investors of the Company should note that completion of the Disposal is subject to the satisfaction of the conditions precedent set out in the Share Transfer Agreement and may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Board”	the board of 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)

“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Consideration”	the total consideration of the Disposal, being RMB305,095,000
“controlling shareholder(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interest by Excellence Property Management to the Purchaser pursuant to the terms and conditions of the Share Transfer Agreement
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Share Transfer Agreement and the transactions contemplated thereunder
“Excellence Property Management”	Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限責任公司), a company established in the PRC with limited liability on 27 October 1999 and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors namely, Mr. Huang Mingxiang, Mr. Kam Chi Sing and Ms. Liu Xiaolan, to advise the Independent Shareholders in respect of the Share Transfer Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution with respect to the Share Transfer Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 7 October 2020
“Purchaser”	深圳市卓越創業投資有限責任公司 (Shenzhen Zhuoyue Venture Capital Co., Ltd*), a company established in the PRC with limited liability on 16 March 2011
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire equity interests of the Target Company
“Share(s)”	ordinary shares with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Transfer Agreement”	the share transfer agreement dated 3 November 2021 entered into between Excellence Property Management and the Purchaser for the transfer of the Sale Interest
“Shenzhen Zhuotou Framework Agreement”	the framework agreement entered into between Excellence Property Management and the Purchaser on 15 May 2020 pursuant to which the Group conditionally agreed to transfer 100% equity interests in the Target Company to the Purchaser after 3 May 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shenzhen Zhuotou Micro-Lending Co., Ltd. (深圳市卓投小額貸款有限責任公司), a company established in the PRC with limited liability on 3 May 2018 and an indirect wholly-owned subsidiary of the Company

* *For identification purpose only.*

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

Hong Kong, 3 November 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.