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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**HIGHLIGHTS**

1. Revenue of the Group for 2023 was approximately RMB3,926.81 million, representing an increase of 11.3% from approximately RMB3,527.40 million for 2022.
2. The gross profit of the Group for 2023 was approximately RMB746.69 million, representing a decrease of 11.6% from approximately RMB844.35 million for 2022. Gross profit margin for 2023 was 19.0%, while that of 2022 was 23.9%, representing a year-on-year decrease of 4.9 percentage points.
3. Profit attributable to owners of the Company for 2023 was approximately RMB302.69 million, representing a decrease of 25.0% as compared with approximately RMB403.49 million for 2022.
4. The Board recommended the payment of a final dividend of HK6.82 cents per share of the Company for the year ended 31 December 2023. Together with an interim dividend of HK12.18 cents in cash paid, the total dividend for the year will amount to HK19.00 cents in cash, representing a year-on-year decrease of 8.2% (2022: HK20.69 cents).

## RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Excellence Commercial Property & Facilities Management Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”, or “**we**” or “**our**”) for the year ended 31 December 2023 (the “**Reporting Period**”), together with the comparative figures for the previous financial year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the Year Ended 31 December 2023*

*(Expressed in Renminbi)*

	<i>Note</i>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Revenue</b>	3	<b>3,926,808</b>	3,527,396
Cost of sales		<u>(3,180,117)</u>	<u>(2,683,050)</u>
<b>Gross profit</b>		<b>746,691</b>	844,346
Other revenue		<b>52,758</b>	66,736
Other net gain		<b>13,744</b>	11,150
Impairment losses on receivables, contract assets and financial guarantee issued		<b>(96,696)</b>	(84,175)
Impairment loss on goodwill		–	(28,159)
Selling and marketing expenses		<b>(45,521)</b>	(28,936)
Administrative expenses		<u>(232,702)</u>	<u>(174,144)</u>
<b>Profit from operations</b>		<b>438,274</b>	606,818
Finance costs		<b>(5,941)</b>	(9,136)
Share of profits less losses of associates		<b>8,075</b>	1,524
Share of profits less losses of joint ventures		<u>2,403</u>	<u>822</u>
<b>Profit before taxation</b>		<b>442,811</b>	600,028
Income tax	4	<u>(119,464)</u>	<u>(173,573)</u>
<b>Profit for the year</b>		<b><u>323,347</u></b>	<b><u>426,455</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>302,688</b>	403,494
Non-controlling interests		<u>20,659</u>	<u>22,961</u>
<b>Profit for the year</b>		<b><u>323,347</u></b>	<b><u>426,455</u></b>
<b>Earnings per share (RMB cents)</b>	5		
Basic		<u>24.8</u>	<u>33.1</u>
Diluted		<u>24.8</u>	<u>33.1</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the Year Ended 31 December 2023*

*(Expressed in Renminbi)*

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>323,347</b>	426,455
<b>Other comprehensive income for the year</b>		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of entities not using Renminbi (“RMB”) as functional currency	<u>1,110</u>	<u>(22,759)</u>
Total comprehensive income for the year	<u><b>324,457</b></u>	<u>403,696</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>303,798</b>	380,735
Non-controlling interests	<u>20,659</u>	<u>22,961</u>
<b>Total comprehensive income for the year</b>	<u><b>324,457</b></u>	<u>403,696</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Expressed in Renminbi)

	<i>Note</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>Non-current assets</b>			
Investment properties		–	101,502
Property, plant and equipment		<b>52,129</b>	53,746
Intangible assets		<b>334,912</b>	367,458
Goodwill		<b>243,515</b>	225,287
Interests in associates		<b>91,358</b>	13,053
Interests in joint ventures		<b>11,800</b>	8,377
Financial asset measured at fair value through profit or loss (“FVPL”)		<b>121,699</b>	120,000
Deferred tax assets		<b>71,083</b>	52,634
		<b>926,496</b>	942,057
<b>Current assets</b>			
Inventories		<b>96,762</b>	52,914
Contract assets		<b>33,442</b>	8,329
Trade and other receivables	6	<b>1,586,026</b>	1,314,154
Prepaid tax		<b>14,529</b>	5,214
Loans receivable	7	<b>317,907</b>	67,821
Restricted deposits		<b>66,525</b>	57,215
Cash and cash equivalents		<b>2,156,703</b>	2,564,428
		<b>4,271,894</b>	4,070,075
<b>Current liabilities</b>			
Bank loans and other borrowings		<b>22,000</b>	–
Contract liabilities		<b>175,235</b>	163,822
Trade and other payables	8	<b>1,101,261</b>	906,511
Financial guarantee issued		<b>72,433</b>	62,371
Lease liabilities		<b>9,014</b>	13,413
Current taxation		<b>72,016</b>	78,389
		<b>1,451,959</b>	1,224,506

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Expressed in Renminbi)

	Note	2023 RMB'000	2022 RMB'000
<b>Net current assets</b>		<b>2,819,935</b>	2,845,569
<b>Total assets less current liabilities</b>		<b>3,746,431</b>	3,787,626
<b>Non-current liabilities</b>			
Lease liabilities		9,673	111,517
Financial liabilities measured at fair value through profit or loss (“FVPL”)		5,091	–
Deferred tax liabilities		78,971	86,810
		<b>93,735</b>	198,327
<b>NET ASSETS</b>		<b>3,652,696</b>	3,589,299
<b>CAPITAL AND RESERVES</b>			
Share capital	9(a)	10,479	10,479
Reserves		3,567,561	3,481,016
Total equity attributable to equity shareholders of the Company		3,578,040	3,491,495
Non-controlling interests		74,656	97,804
<b>TOTAL EQUITY</b>		<b>3,652,696</b>	3,589,299

## NOTES

*(Expressed in Renminbi unless otherwise indicated)*

### 1 GENERAL INFORMATION

The 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. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 19 October 2020 ("**Listing Date**"). The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

The 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 People's Republic of China (the "**PRC**"). The ultimate controlling company is Oriental Rich Holdings Group Limited ("**Oriental Rich**"). The ultimate controlling shareholder of the Company and its subsidiaries (together referred to as the "**Group**") is Mr. Li Wa ("**Mr. Li**" or the "**Ultimate Controlling Shareholder**").

### 2 MATERIAL ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

**(b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and the Group's interests in associates and joint ventures.

The financial statements are presented in RMB rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments in financial instruments are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis by the Group. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Changes in accounting policies**

The HKICPA has issued the following new and amended HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are the provision of basic property management services, value-added services, finance services and other services. Further details regarding the Group's principal activities are disclosed in Note 3(b).

Disaggregation of revenue from contracts with customers by each significant category is as follows:

	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<b>Property management services</b>		
Basic property management services		
– Commercial property	<b>2,172,046</b>	2,166,727
– Public and industrial property	<b>477,422</b>	212,114
– Residential property	<b>571,892</b>	435,952
	<u><b>3,221,360</b></u>	<u>2,814,793</u>
Value-added services	<b>679,272</b>	668,710
	<u><b>3,900,632</b></u>	<u>3,483,503</u>
<b>Revenue from other sources</b>		
Finance services income	<b>18,868</b>	35,731
Gross rental income from investment properties	<b>7,308</b>	8,162
	<u><b>26,176</b></u>	<u>43,893</u>
	<u><b>3,926,808</b></u>	<u>3,527,396</u>



**(b) Segment reporting**

The 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 Chinese Mainland. The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments:

- Property management services: this segment mainly provides basic property management services, construction material trading services or system supply and installation services to property developers, property owners and tenants, and value-added services to such customers, including asset services which includes preliminary property consulting services, property leasing and sales agency services, asset-light property operation services and space operation services, business planning consultation and corporate services.
- Finance services: this segment mainly provides micro-lending to small and medium enterprises, individual business proprietors and individuals.
- Other services: this segment mainly provides apartment rental services.

**(i) Segment results, assets and liabilities**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets managed directly by the segments excluding prepaid tax, deferred tax assets and certain non-trade receivables due from related parties not attributable to the individual segments. Segment liabilities include interest-bearing borrowings, contract liabilities, trade and other payables, lease liabilities and other financial liability attributable to the operating activities of the individual segments and managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's associates and joint ventures.

The measure used for reporting segment profit is profit before taxation excluding unallocated head offices and corporate expenses. In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning interest income and expense from cash balances and interest-bearing borrowings managed directly by the segments, depreciation and amortisation, impairment loss on trade and other receivables, loans receivable and contract assets in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

For the year ended 31 December	Property management services		Finance services		Others		Total	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
<b>Disaggregated by timing of revenue recognition</b>								
Over time	3,861,062	3,464,042	18,868	35,731	7,308	8,162	3,887,238	3,507,935
Point in time	39,570	19,461	-	-	-	-	39,570	19,461
<b>Reportable segment revenue</b>	<b>3,900,632</b>	<b>3,483,503</b>	<b>18,868</b>	<b>35,731</b>	<b>7,308</b>	<b>8,162</b>	<b>3,926,808</b>	<b>3,527,396</b>
Inter-segment revenue	-	-	-	-	-	-	-	-
<b>Revenue from external customers</b>	<b>3,900,632</b>	<b>3,483,503</b>	<b>18,868</b>	<b>35,731</b>	<b>7,308</b>	<b>8,162</b>	<b>3,926,808</b>	<b>3,527,396</b>
<b>Reportable segment profit/(loss)</b>	<b>440,041</b>	<b>578,991</b>	<b>(1,915)</b>	<b>25,512</b>	<b>14,106</b>	<b>(2,824)</b>	<b>452,232</b>	<b>601,679</b>
Interest income from bank deposits and other financial institutions	33,574	44,722	1,010	234	10	10	34,594	44,966
Finance costs	(1,390)	(622)	(3)	(2,082)	(4,548)	(6,432)	(5,941)	(9,136)
Depreciation and amortisation	(71,583)	(60,418)	(352)	(996)	(8,682)	(11,061)	(80,617)	(72,475)
(Impairment losses)/reversals of impairment losses on loans receivable	-	-	(13,085)	1,262	-	-	(13,085)	1,262
Impairment losses on trade and other receivables	(72,919)	(37,753)	-	-	-	(13)	(72,919)	(37,766)
(Impairment losses)/reversals of impairment losses on contract assets	(630)	100	-	-	-	-	(630)	100
Impairment losses on financial guarantee issued	(10,062)	(47,771)	-	-	-	-	(10,062)	(47,771)
Impairment losses on goodwill	-	(28,159)	-	-	-	-	-	(28,159)
<b>As at 31 December</b>								
<b>Reportable segment assets</b>	<b>4,780,308</b>	<b>4,504,499</b>	<b>332,294</b>	<b>336,907</b>	<b>-</b>	<b>112,722</b>	<b>5,112,602</b>	<b>4,954,128</b>
<b>Additions to non-current segment assets during the year</b>	<b>138,250</b>	<b>716,429</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73</b>	<b>138,250</b>	<b>716,502</b>
<b>Reportable segment liabilities</b>	<b>1,391,733</b>	<b>1,138,082</b>	<b>2,399</b>	<b>4,523</b>	<b>-</b>	<b>114,553</b>	<b>1,394,132</b>	<b>1,257,158</b>

(ii) *Reconciliations of reportable segment revenues, profit or loss, assets and liabilities*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Consolidated revenue	<u>3,926,808</u>	<u>3,527,396</u>
<b>Profit</b>		
Reportable segment profit	452,232	601,679
Net foreign exchange (loss)/gain	(4,586)	6,495
Unallocated head offices and corporate expenses	<u>(4,835)</u>	<u>(8,146)</u>
Consolidated profit before taxation	<u>442,811</u>	<u>600,028</u>
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Assets</b>		
Reportable segment assets	5,112,602	4,954,128
Prepaid tax	14,529	5,214
Deferred tax assets	71,083	52,634
Unallocated head office and corporate assets	<u>176</u>	<u>156</u>
Consolidated total assets	<u>5,198,390</u>	<u>5,012,132</u>
<b>Liabilities</b>		
Reportable segment liabilities	1,394,132	1,257,158
Current taxation	72,016	78,389
Deferred tax liabilities	78,971	86,810
Unallocated head office and corporate liabilities	<u>575</u>	<u>476</u>
Consolidated total liabilities	<u>1,545,694</u>	<u>1,422,833</u>

(iii) *Geographic information*

The major operating entities of the Group are domiciled in Chinese Mainland. Accordingly, majority of the Group's revenues were derived in Chinese Mainland during the years ended 31 December 2023 and 2022.

As at 31 December 2023 and 2022, most of the non-current assets of the Group were located in Chinese Mainland.

#### 4 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

##### (a) Taxation in the consolidated statement of profit or loss:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current tax</b>		
Provision for the year	147,424	203,866
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(27,960)	(30,293)
	<u>119,464</u>	<u>173,573</u>

##### (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before taxation	<u>442,811</u>	<u>600,028</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	109,820	147,459
Tax effect of non-deductible expenses	2,378	9,868
Income not subject to tax	(3,143)	(1,659)
Withholding tax on dividend	10,329	17,957
Tax effect of tax losses utilised or not recognised	<u>80</u>	<u>(52)</u>
<b>Actual tax expense</b>	<u>119,464</u>	<u>173,573</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI during the year.

No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the year.

The Group’s major Chinese Mainland subsidiaries are subject to the PRC Corporate Income Tax (“CIT”) at a statutory rate of 25% on their respective taxable income during the year. The different tax rates mainly come from certain Chinese Mainland companies, which are regarded as small profit enterprise or registered and operated in western region of Chinese Mainland, are entitled to the PRC CIT at a preferential rate of 15% for the year ended 31 December 2023.

Withholding taxes are levied on dividend distributions arising from profit of the Chinese Mainland subsidiaries within the Group earned after 1 January 2008 at 5%. The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by Chinese Mainland resident enterprises to their non-Chinese Mainland-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the Chinese Mainland enterprise directly. Since the Group could control the quantum and timing of distribution of profits of the Group’s subsidiaries in Chinese Mainland, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

## 5 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB302,688,000 (2022: RMB403,494,000) and the weighted average of 1,220,348,000 ordinary shares (2022: 1,220,348,000 ordinary shares) in issue during the year.

### (b) Diluted earnings per share

For the years ended 31 December 2023 and 2022, the effect of conversion of share option scheme of the Group was anti-dilutive.

## 6 TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current</b>			
Trade and bills receivables	(a)		
– Related parties		554,498	400,361
– Third parties		807,333	616,923
		<u>1,361,831</u>	<u>1,017,284</u>
Less: loss allowance		<u>(150,398)</u>	<u>(81,575)</u>
		<u>1,211,433</u>	<u>935,709</u>
Other receivables			
– Related parties		13,125	14,953
– Third parties	(b)	146,885	220,555
		<u>160,010</u>	<u>235,508</u>
Less: loss allowance		<u>(6,341)</u>	<u>(2,304)</u>
		<u>153,669</u>	<u>233,204</u>
Financial assets measured at amortised cost		1,365,102	1,168,913
Deposits and prepayments		220,924	145,241
		<u>1,586,026</u>	<u>1,314,154</u>

### Notes:

- (a) Trade receivables are primarily related to revenue recognised from the provision of basic property management services and value-added services.
- (b) As at 31 December 2023, other receivables included unsettled consideration receivable of RMB75,000,000 (2022: RMB175,000,000) in respect of disposal of Shenzhen Excellence Operation Management Co., Ltd. (深圳市卓越運營管理有限公司, “Shenzhen Excellence Operation”) and its subsidiaries in 2021.

### Ageing analysis

As at 31 December 2023, the ageing analysis of trade and bills receivables (net of loss allowance) based on the date of revenue recognition and net of loss allowance, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 6 months	862,258	750,362
6 months to 1 year	205,793	150,556
1 to 2 years	135,611	31,060
2 to 3 years	7,771	3,731
	<u>1,211,433</u>	<u>935,709</u>

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

### 7 LOANS RECEIVABLE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Unguaranteed and unsecured	323,200	10,000
Unguaranteed and secured	10,430	23,859
Guaranteed and secured	15,000	51,600
	<u>348,630</u>	<u>85,459</u>
Gross loans receivable	348,630	85,459
Less: loss allowance	<u>(30,723)</u>	<u>(17,638)</u>
	<u>317,907</u>	<u>67,821</u>

*Note:* As at 31 December 2023, loans provided by the Group to third parties from micro-lending business are interest-bearing at rates ranging from 7.0% – 24.0% (2022: 7.2% – 24.0%) per annum, and recoverable within one year.

## Ageing analysis

As at 31 December 2023, the aging analysis of loans receivable based on due date and credit quality is set out below:

	As at 31 December 2023			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
Current (not past due)	313,200	–	–	313,200
Overdue over 3 months but within 6 months	–	–	10,000	10,000
Overdue over 6 months but within one year	–	–	1,880	1,880
Overdue over one year	–	–	23,550	23,550
Subtotal	313,200	–	35,430	348,630
Less: loss allowance	(13,094)	–	(17,629)	(30,723)
Total	<u>300,106</u>	<u>–</u>	<u>17,801</u>	<u>317,907</u>
	As at 31 December 2022			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	28,559	–	–	28,559
Overdue over 3 months but within 6 months	–	–	25,750	25,750
Overdue over 6 months but within one year	–	–	17,000	17,000
Overdue over one year	–	–	14,150	14,150
Subtotal	28,559	–	56,900	85,459
Less: loss allowance	(568)	–	(17,070)	(17,638)
Total	<u>27,991</u>	<u>–</u>	<u>39,830</u>	<u>67,821</u>

*Note:* As at 31 December 2023, loans receivable classified at Stage 3 of RMB15,000,000 (2022: RMB41,800,000) were guaranteed and secured by properties held by customers, loans receivable of RMB10,430,000 (2022: RMB15,100,000) classified at Stage 3 were unguaranteed and secured by properties held by customers and loans receivable of RMB10,000,000 (2022: Nil) classified at Stage 3 were unguaranteed and unsecured by properties held by customers.

## 8 TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current</b>		
Trade payables ( <i>Note</i> )		
– Related parties	24,224	43,251
– Third parties	509,872	357,530
	<u>534,096</u>	<u>400,781</u>
Other payables		
– Related parties	29,412	27,862
– Third parties	63,056	81,492
	<u>92,468</u>	<u>109,354</u>
Considerations payable for business combinations	29,807	31,605
Dividend payables to non-controlling interests	6,205	–
Cash collected on behalf of property owners' association	26,678	18,505
Housing maintenance funds held on behalf of property owners	18,004	14,079
Financial liabilities measured at amortised cost	707,258	574,324
Accrued payroll and other benefits	226,429	191,696
Deposits	136,464	114,628
Accrued charges	31,110	25,863
	<u>1,101,261</u>	<u>906,511</u>

*Note:* Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers and payables relating to car parks leasing.

### Ageing analysis

As at 31 December 2023, the ageing analysis of trade payables, based on invoice date is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	177,598	181,573
1 to 3 months	190,955	96,926
3 to 6 months	60,750	46,328
6 to 12 months	45,930	28,270
Over 12 months	58,863	47,684
	<u>534,096</u>	<u>400,781</u>



## 9 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

#### *Authorised share capital*

The authorised share capital of the Company is HK\$50,000,000 divided into 5,000,000,000 shares with the par value of HK\$0.01 each.

#### *Issued share capital*

	At 31 December 2023		At 31 December 2022	
	HK\$	RMB	HK\$	RMB
Issued and fully paid: 1,220,348,000 (2022: 1,220,348,000) ordinary shares of HK\$0.01 each	<b>12,203,482</b>	<b>10,478,929</b>	12,203,482	10,478,929

### (b) Dividends

(i) Dividends payable to equity shareholders attributable to the year ended 31 December 2023:

	2023 RMB'000	2022 RMB'000
Interim dividend declared and paid after the interim period of HK12.18 cents (equivalent to RMB11.17 cents) per ordinary share (2022: HK14.60 cents (equivalent to RMB12.74 cents) per ordinary share)	<b>136,313</b>	155,472
Final dividend proposed after the end of financial reporting period of HK6.82 cents (equivalent to RMB6.19 cents) per ordinary share (2022: HK6.09 cents (equivalent to RMB5.31 cents) per ordinary share)	<b>75,569</b>	64,740
	<b>211,882</b>	220,212

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the year:

	2023 RMB'000	2022 RMB'000
Final dividend in respect of the previous financial year, approved during the year, of HK6.09 cents (equivalent to RMB5.31 cents) per ordinary share (2022: HK17.38 cents (equivalent to RMB14.16 cents) per ordinary share)	<b>64,740</b>	172,801

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF ANNUAL RESULTS

#### I. BUSINESS OVERVIEW

##### ANALYSIS OF THE PRINCIPAL ACTIVITIES

###### (I) Principal Activities of the Group During the Reporting Period

Excellence CM is a leading commercial real estate service operator in China, which is dedicated to the provision of full-life cycle asset maintenance and full-chain service solutions for customers to fulfil customers' comprehensive value expectations and assist enterprises in achieving business visions.

In 2023, faced with complex and volatile market conditions, Excellence CM has been adhering to its long-term development strategy, responding flexibly to market changes, strengthening business independence planning, upholding the business philosophy of steady development, centring around customer needs, constantly optimising business structure, deepening digital transformation, focusing on value creation, and fostering the Company's independent, healthy and sustainable development capability.

The Group's main businesses included basic property management services, value-added services and other relevant businesses.

###### 1. *Basic Property Management Services*

The Company's basic property management services are provided to various types of businesses, including commercial properties, public and industrial properties and residential properties.

###### (1) *Commercial Property Management Services*

With its management experience accumulated over two decades, the Company has focused on the development of commercial properties as its main business activities, and has formed a complete commercial property service model.

- *Property management (“PM”) Commercial Office Services*

The Company serves a large number of Central Business District (“CBD”) landmark office buildings and high-tech enterprises to gain the brand advantages from the high-end commercial projects in the PM business segment and build the capability strength by integrating asset services and corporate services.

The scope of services covers businesses such as preliminary consultation, marketing management, space management, asset leasing and sales agency, smart platform construction, facility maintenance and property comprehensive services.

Signature projects: Shenzhen Excellence Century Centre, Shenzhen One Excellence, Qingdao Excellence Century Center, Excellence City of Shenzhen (深圳卓越城), Excellent Broadway of Shenzhen (深圳卓越大百滙)

- *Facility Management (“FM”) Comprehensive Facility Management Services*

The customers served by the Company are mainly Fortune 500 companies and high-tech enterprises. We are dedicated to providing customers with full-life cycle asset maintenance and full-chain comprehensive service solutions, constructing a sound and systematic back-office support system, and forming a matrix of quality customers mainly in the Internet, high-tech, finance, modern service and manufacturing industry.

We provide a customised model of comprehensive facility management for enterprises and customise strategic long-term planning. We apply IoT, big data, AI and other advanced technologies to create the E+ smart two-pronged platform. Leveraging on the digital operation management technology, we establish solutions for the full-life cycle of facilities such as operation and maintenance management, project management, space management, energy consumption management, environmental management, security management and integrated services to enhance project management efficiency, thereby creating maximum value for corporate customers.

Signature projects: Sky City of DJI, Dongguan OPPO Headquarters, Huawei Suzhou Research Institute

(2) *Public and Industrial Property Services*

The Company has established an integrated market-oriented organizational framework, and developed government public infrastructures, urban services businesses, and other functional bodies following the marketisation of education and healthcare by multiple channels, so as to continuously develop new tracks in pursuit of joint development through multiple business momentum.

We provide a full range of operational services in the public sector. In addition to basic property services, we also offer special services for different public projects. We continue to enhance our business capabilities in the areas of government and public property services through professionalism, internationalisation, innovation and technology.

Signature projects: Haikou Haihang Base (海口海航基地), Guangzhou Metro Project (廣州地鐵項目), Affiliated Hospital of Nantong University (南通大學附屬醫院).

(3) *Residential Property Services*

The Company has developed a model of high-end residential property services in many cities across China, including pre-intervention and takeover acceptance, decoration management, customer management, environmental management, equipment and facilities maintenance, fire management and other systematic services. We spearheaded to introduce international service standards and launched “Five-heart” excellent butler (五心“悦”管家) services and “4INS Good Life” (4INS 美好生活) services to reshape the physical space, cultural space and digital space of the community regarding the customers’ satisfaction as the origin and centre. We provide individuals and families with safe, convenient, comfortable and joyful living experience.

Signature projects: Shenzhen Cote d’Azur (深圳蔚藍海岸), Shenzhen Queen’s Road (深圳皇后道), Shenzhen Excellence Victoria Harbour (深圳卓越維港), Shenzhen Dongguan Qingxi Yuncui (東莞晴熙雲翠)

## 2. *Value-added Services*

The Company has continued to provide customers with personalised, customised and digitalised value-added service innovation, explored the multi-dimensional needs of customers, and realised the change from a single service to diversified services, with development focuses on assets services, Zhuopin business services, construction and mechanical and electrical services, and other types of professional value-added services.

### 1) *Asset Services*

The Company provides preliminary property consulting services, and offers reasonable suggestions on pre-intervention in project planning and design, construction management and acceptance handover so as to save construction costs, meet customer expectations regarding the use of functions, improve post-property operation efficiency, and avoid operational risks.

In addition, we provide customers with professional leasing and second-hand housing asset management services, and offer whole-process leasing value-added services to ensure maximised property occupancy rates and asset investment returns.

### 2) *Zhuopin Business Services*

“Zhuopin Business”, a high-end service brand of Excellence CM, integrates “Internet+”, “self-built supply chain” and “concierge high-end services” capabilities to provide one-stop business office supporting services for high-tech and Fortune 500 companies with the B to B for C model, mainly including high-end business services, corporate value-added services, enterprise digital empowerment and other various solutions.

### 3) *Construction and Mechanical and Electrical Services*

Cooperating with its subsidiary, Shenghengda Construction Technology Group Co., Ltd., the Company has developed the “green & smart electromechanical” special service, built a community ecosystem by integrating the comprehensive “hardware + software + platform + service” solution, and achieved systematic development across multiple sectors, thus defining a large electromechanical ecosystem and driving performance growth by capturing technology and green development.

### **3. *Joint Venture and Mergers and Acquisitions (“M&A”)***

Through the establishment of joint ventures with various governments and state-owned platforms, the Company has integrated the government’s resource advantages and fully leveraged on its strengths in the commercial property sector to jointly develop the market.

Meanwhile, the Company positions and focuses on the advantageous economic zones and actively promotes the implementation of joint venture and M&A strategy by interpreting policies. We actively review and enhance our existing development by promoting our presence in first-tier and emerging first-tier cities and tapping into various arenas to help drive market development, thereby improving the competitive industry chain and building our competitive advantages in the industry.

The Company is currently joining hands with Shanghai Yaozhan Hospital Management Group to share resources and achieve win-win cooperation for sustainable development.

## **(II) Performance Overview**

In 2023, the Company adhered to the business development strategy of “focusing on growth” and fully advanced market orientation, achieving steady expansion of its overall business and significant enhancement of its business independence.

With respect to the main business development, we effectively drove the business growth through the in-depth cultivation of strategic customers and creation of benchmark projects. The Company continued to maintain our leading position in the commercial property sector through solid cooperation with leading companies in the technology and Internet sectors.

In terms of the development of new businesses, we expanded our business scale through M&A, and built up our competitiveness in the healthcare and public construction sub-segments to establish the second growth curve.

In regard to the value-added business, the Company effectively enhanced customer experience and built diversified services with the characteristics Excellence through the two-pronged drive of value-added service products and service platform integration.

For the core competency development, we strengthened internal and external digital operation capabilities to improve business decision-making efficiency and facilitate business expansion. At the same time, we focused on cultivating key business talent, and facilitated organic business growth through the forms of organisational reform and motivational reform to build competitive barriers.

Of the Group’s total revenue by business type during the Reporting Period, commercial properties, public and industrial properties, residential properties, value-added services and other services accounted for 55.3%, 12.2%, 14.5%, 17.3% and 0.7%, respectively.

## 1. *Continuous Growth in Business Scale*

Focusing on the “1+1+X” strategy, the Group has developed two core advantageous regions of the Greater Bay Area and the Yangtze River Delta Region, and has focused on the development in first-tier, emerging first-tier and other high-value cities, achieving balanced development in key regions nationwide. With respect to the gross floor area (“GFA”) under management, first-tier and emerging first-tier cities such as Beijing, Shanghai, Shenzhen, Guangzhou, Chengdu, Hangzhou and Chongqing accounted for 77.6%, and the two core economic zones of Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta accounted for 62.4%.

For the year ended 31 December 2023, our contracted GFA was approximately 76.7 million sq.m., representing an increase of approximately 9.5% over the corresponding period in 2022. The GFA under management amounted to approximately 64.1 million sq.m., representing an increase of approximately 19.2% as compared with the corresponding period in 2022.

The following table sets forth the changes in GFA under management for the years ended 31 December 2022 and 2023, respectively:

	<b>2023</b>	2022
	<i>sq.m.'000</i>	<i>sq.m.'000</i>
At the beginning of the Reporting Period	<b>53,760</b>	36,635
New engagements	<b>13,154</b>	17,066
New acquisitions	<b>2,825</b>	4,505
Terminations	<b>(5,673)</b>	(4,446)
	<hr/>	<hr/>
<b>At the end of the Reporting Period</b>	<b><u>64,066</u></b>	<b><u>53,760</u></b>

The following table sets out the total GFA under management and a breakdown of the total revenue from property management services by geographical area for the years ended 31 December 2022 and 2023, respectively.

	2023				2022			
	GFA under management (sq.m.'000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)	GFA under management (sq.m.'000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)
Greater Bay Area <sup>(1)</sup>	24,389	38.1	1,641,898	51.0	23,378	43.5	1,616,597	57.4
Yangtze River Delta Region <sup>(2)</sup>	15,565	24.3	685,369	21.3	10,591	19.7	391,693	13.9
Other Region <sup>(3)</sup>	24,112	37.6	894,093	27.7	19,790	36.8	806,503	28.7
<b>Total</b>	<b>64,066</b>	<b>100.0</b>	<b>3,221,360</b>	<b>100.0</b>	<b>53,760</b>	<b>100.0</b>	<b>2,814,793</b>	<b>100.0</b>

*Notes:*

- (1) Cities in which we provided property management services to properties in the Greater Bay Area include Shenzhen, Guangzhou, Zhuhai, Huizhou, Dongguan, Zhongshan, etc.
- (2) Cities in which we provided property management services to properties in the Yangtze River Delta Region include Shanghai, Nanjing, Hangzhou, Suzhou, Jiaxing, Yangzhou, Nantong, Wuxi, Taizhou, etc.
- (3) Cities in which we provided property management services to (i) properties in the other regions in China, including Beijing, Xi'an, Qingdao, Zhengzhou, Chongqing, Chengdu, Wuhan, Tianjin, Jinan, Shijiazhuang, Changsha, Fuzhou, Nanchang, Jinjiang, etc.; and (ii) projects in India.



## 2. *Steady Expansion of Main Businesses*

In 2023, the Company continued to maintain its solid position in the core strength of the commercial property sector, with the main businesses leading the steady expansion of the third-party business development and significantly enhanced business independence.

Leveraging on our excellent market expansion capabilities, the Company has continued its efforts in the main businesses, achieved solid expansion, and carried out in-depth cooperation with many renowned and quality clients in China. At the same time, we continued to consolidate and expand our advantages in the high-end business services sub-segment, with a wide range of customers, which have not only demonstrated a good development trend in the areas across high-tech, the Internet and smart vehicles, but also obtained the first-mover advantage in the high-end manufacturing industry, laying a solid foundation for our market development in sub-segments.

For the Reporting Period, the revenue from commercial property services accounted for 67.4% of the revenue from basic property services, and the basic property service income from third parties business increased by 17.6% as compared to the same period in 2022.

In public and industrial properties, the Group developed a number of new government public construction projects in 2023, along with good growth momentum in the healthcare, rail transportation and education sectors. During the Reporting Period, revenue from public and industrial properties increased by 125.1% as compared to the same period in 2022.

In residential properties, we mainly provide a number of urban high-end development projects under the Excellence Group with services. During the Reporting Period, revenue from residential properties increased by 31.2% as compared to the same period in 2022.

	For the year ended 31 December 2023				For the year ended 31 December 2022			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	25,623	40	2,172,046	67.4	24,479	45.5	2,166,727	77.0
– Excellence Group	2,914	4.5	764,516	23.7	2,906	5.4	756,307	26.9
– Third-party property developers	22,709	35.5	1,407,530	43.7	21,573	40.1	1,410,420	50.1
Public and industrial properties	13,624	21.3	477,422	14.8	10,200	19.0	212,114	7.5
Residential properties	24,819	38.7	571,892	17.8	19,081	35.5	435,952	15.5
<b>Total</b>	<b>64,066</b>	<b>100.0</b>	<b>3,221,360</b>	<b>100.0</b>	<b>53,760</b>	<b>100.0</b>	<b>2,814,793</b>	<b>100.0</b>

### **3. *In-depth Cultivation of Strategic Customers***

The Company adhered to the strategy of in-depth cultivation of strategic customers. Through the in-depth development mechanism of strategic customers, we achieved the business objectives of “promoting high performance, contract renewal and growth” in strategic cooperation in 2023. The contract value from new strategic customers amounted to RMB627 million, with 100% retention rate of strategic customers.

In 2023, the Company optimised the operation mechanism of the strategic customer business department to further focus on customer needs, strengthen operation management and talent protection, significantly enhance core competitiveness, and create benchmark projects for strategic customers, fully demonstrating the Company’s competitiveness in the area of customer full-life cycle services, further solidifying service quality, and bringing new momentum to the Company’s development.

The Company has upheld the “long-term” strategy and kept abreast with the development of strategic customers over the years to continuously improve customer satisfaction and business performance. During the year, the Company successfully entered into contracts for two major headquarters projects with tech giants, while winning the bids for two major manufacturing park complexes consecutively relying on the benchmark demonstration effect and market reputation of its strategic customers, which further consolidated the Company’s operational capability in the manufacturing industry and gradually demonstrated the strong ripple effect of its strategic customers.

### **4. *Second Growth Curve for New Business Development***

Adhering to the concept of “win-win cooperation and complementary advantages”, the Company has continued to expand its value in the development of new businesses through the measures such as joint ventures and strategic acquisitions to steadily build up the second growth curve.

With respect to the medical business, the Company has been actively consolidating quality resources in the medical business through M&A to build a professional service management platform for medical properties, in an attempt to swiftly enhance its high-quality and reliable professional service capability. Currently, we have achieved a stage progress in the healthcare business.

At the same time, the Company has focused on the public construction sub-segment. Based on the advantageous regions, we have cultivated the urban rail transportation business in Guangzhou, realising the effective precipitation and radiation extension of resources. In addition, we continue to optimise our business structure and accelerate our commitment to the university market through targeted breakthroughs, with the aim of continuously expanding new business growth points.

For the Reporting Period, we achieved a total contract value from the newly expanded businesses of RMB198 million, representing an increase of 87.5% year-on-year, with annualised contract value of RMB98 million, representing an increase of 112.2% year-on-year.

**5. *Provision of Value-added Products and In-depth Expansion of Sub-segments***

During the Reporting Period, the Company continued to expand its service boundaries and steadily increase its market capability, realising diversified and rapid growth in its value-added services. Among them, the construction and mechanical and electrical services and Zhuopin business services witnessed a good trend of double growth.

“Zhuopin Business”, a high-end commercial brand of the Company, focused on the diversified needs of customers, integrated multi-industry service scenarios, and created a unified value-added service platform. We bridged the needs of multi-industry and multi-scenario customers through in-depth cultivation and expansion of sub-segments, providing customers with a more efficient and convenient user experience, thereby achieving sustainable value enhancement.

In 2023, the construction and mechanical and electrical services moved towards independent market development, kept abreast with the industry development trends, and adjusted markets and target customers, resulting in a significant growth in the performance. In response to the government policy, we have expanded the business boundary, and promoted business diversification. At the same time, we have promoted R&D and innovation of construction materials, which have contributed new growth points for the Company’s performance.

## ANALYSIS OF THE CORE COMPETENCE

### (I) High-quality Brand Image

The Company serves various corporates from Fortune 500, including many reputed high-tech enterprises, internet enterprises, and financial enterprises, and has gained extensive recognition from the industry and the society with leading comprehensive strength and service quality ahead of the industry.

Since 2008, the Group has been named TOP 100 Property Management Companies in China by the China Index Academy for sixteen consecutive years. Our major awards in 2023 are as follows:

“TOP 100 Property Management Companies in China (TOP12)”, “China IFM Service Outstanding Enterprise (TOP2)”, “2023 China Office Property Management Exceptional Companies”, “2023 China Property Community Value-added Service Excellent Enterprise”, “2023 TOP 20 Enterprises with Office Property Management in China (TOP 2)”, “2023 TOP 10 Enterprises with Office Property Management in the Guangdong, Hong Kong and Macao Greater Bay Area (TOP 1)”.

In addition, a number of the Group’s property management projects were honored with benchmarking titles:

“2023 Excellent Benchmark Project of Property Management in China – Shenzhen Excellence Century Centre”, “2023 Benchmark Project of Commercial Property Management in China – Excellence City of Shenzhen”, “2023 Residential Benchmark Project with Property Management in the Guangdong, Hong Kong and Macao Greater Bay Area – Shenzhen Dongguan Qingxi Yuncui”, etc.

### (II) Strategic Talent Cultivation and Development

The Company has put forward higher requirements for talent cultivation and reserve due to rapid expansion of the businesses. While maintaining stable operations, the Company has commenced in-depth strategic talent cultivation and reserve for the future, so as to build up its core competitiveness in the medium to long term.

We have constructed a comprehensive talent ecosystem, focusing on the cultivation of “New Wing” management trainees as the new force. Through the implementation of the “Excellent Talent” and “Excellence Performance” Scheme, we have successfully cultivated a batch of professional management talents with the characteristics of Excellence to form a highly efficient team and strengthen the echelon construction.

In addition, we have adopted a long-term training model that integrates training and battle, focusing on the cultivation of strategic talents. Combining the needs of projects and clients, we ensure that the growth of key talents is in line with the Company’s strategic goals.

At the same time, the Company fully activated the construction of management culture. With business development as the foundation, we promoted the three major mechanisms of “implementation, collaboration, incentives”. This not only provides a long-term stable cornerstone for talent development, but also stimulates employees’ motivation and creativity, laying a solid foundation for the Company’s sustainable development.

### **(III) Steady Business Expansion Driven by Digitalisation**

Digitalisation is the focus of core competency building of Excellence CM. The Company has been unwaveringly promoting digital construction to improve the efficiency of business decision-making, facilitate diversified operations, and enhance its core competitiveness.

With respect to operations and management, the Company continues to promote the digitisation of the entire procedures of business functions, integrating the support of the main database and BI analysis tools, collecting data through the digital system, providing rapid support for business analysis and decision-making, and significantly enhancing the risk control capability throughout the full-life cycle of projects.

In terms of business operation, the Company has launched the “smart two-pronged platform” with both internal and external advantages. Internally, the Company has utilised the “smart park” integrated with AI technology to enhance the digitalisation level of the park and realise efficient and convenient management services. Externally, the Company has constructed a unified value-added service platform to optimise customer experience, meet the needs of multi-industry scenarios, and create more value for customers.

During the Reporting Period, digitalisation had a significant impact on the enhancement in core competitiveness of the business.

Through linking up the whole chain of services, the value-added services platform achieved an improvement in purchasing efficiency and management efficiency, thereby bringing significant customer value realisation.

The construction of the smart park has significantly enhanced user experience. Through the introduction of AI technology and the launch of smart community scenario 5.0, the park has realised the digitalisation of 35 scenarios, further expanding the coverage of smart services and providing users with more convenient and efficient services.

## OUTLOOK

### (I) Strategic Planning

Looking ahead, the Group will continue to focus on the vision of being “a leading commercial real estate service operator in China”, adhere to the strategic direction of “three major constructions and two drivers”, solidify its foundation through “team building, business building and competence building”, and support growth with its two main drivers of “value distribution and culture management” to facilitate business development, aiming to exert continuous efforts in developing our three main businesses (FM, PM, residential) and three extended businesses (value added services, M&A, new businesses).

### (II) Business Development Strategy

The Company adheres to long-term strategic planning, upholds the management idea of steady growth, actively promotes independent market development, and continues to strengthen our independent, healthy and sustainable development capability. The Company will enhance its organisational efficiency through internal drive, aiming to form a strong synergy, continue to focus on the Group’s medium- and long-term strategic development objectives and build a stable moat.

#### 1. *Focus on Growth*

The Company will insist on its strategy of pursuing joint development through multiple business momentum, fully leverage on the synergies of internal and external resources, and adhere to the business strategy of “three main businesses + three extended business” and jointly promote business development for new businesses.

##### 1) *Cultivation of Strategic Customers*

With respect to main business development of the FM sector, the Company will continue to insist on cultivating strategic customers, deepening the cooperation mechanism, strengthening the customer base, setting up industry benchmarks, and driving the sustained growth of the business.

At the same time, relying on the vertical volume and brand effect of strategic customer services, we will continue to enlarge business scale, and further consolidate our leading market position in the commercial property segment.

2) *Breakthrough in Performance of New Businesses*

In the “three extended” business area, the Company will continue to promote the development of new sectors, and make multiple breakthroughs in the areas of healthcare, public construction and education, so as to rapidly improve business scale and capabilities.

At the same time, we will continue to leverage our professional operational experience and capabilities, integrate quality resources, continue to promote the market expansion system reform, advocate the concept of public marketing, build diversified business segments, enhance market risk resistance capacity, and promote rapid and steady business development.

3) *Focus on Rapid Development of Value-added Services*

For the value-added services, the Company has consolidated the unified value-added service platform to enhance customer experience and operational efficiency; accelerated the market development process of the mechanical and electrical business to demonstrate its competitiveness.

In the future, the Company will continue to deepen its product development strategy, continue to optimise and improve the service procedures, and achieve synergy and integration between its value-added business products and projects, thereby achieving the last mile of the business development to provide customers with a more precise and efficient service experience, thus realising sustainable value enhancement.

2. *Core Competency Building*

In terms of core competency building, the Company focuses on three key areas: digital transformation, talent vitality enhancement and management system optimisation. The full promotion of these measures can stimulate organisational vitality, enhance management efficiency, strengthen digital capabilities, and build a solid barrier to market competition, thereby providing a strong guarantee for the Company’s long-term development.

1) *Talent Vitality Construction*

Talent is the cornerstone of the Company's development. We will insist on the integration of internal talent cultivation and talent introduction, emphasise on career planning and training of employees, actively expand talent channels, and introduce excellent talents. At the same time, through the dual drive of the incentive mechanism and management culture, we will stimulate the potential of our employees, build a stable talent pool and efficient transferring system, activate the organisation vitality, and provide solid talent protection for business development.

2) *Digital-enabled Management Capabilities*

The Company is committed to the management and enhancement of its digital capabilities. This year, we will commence the full deployment of the whole-process digital platform of projects to accelerate digital transformation.

For the construction of the digital platform, we rely on the main database to coordinate the operation management system and functional platforms to break down information barriers, ensure data sharing and optimise resource allocation. By optimizing and innovating business procedures, we will achieve seamless connection between business terminals and ensure the transparency and efficiency of the business procedures. At the same time, we will optimise standardisation rules, regulate management actions, reinforce precise control, effectively reduce costs and improve management efficiency.

3) *Management System Integration Capabilities*

The Company will comprehensively build a pull-through management system, specifically focusing on three key aspects: Firstly, we will deepen standardisation deployment, collaborate with think tanks, cloud platforms and other information technology projects, optimise resource allocation, achieve business empowerment, and enhance decision-making accuracy and business efficiency. Secondly, we will optimise the governance structure, clarify departmental responsibilities, and strengthen internal communication and collaboration. Thirdly, we will lower the costs and achieve sustainable growth of economic benefits through process optimisation and efficiency enhancement.

Looking ahead, we will continue to adhere to customer-oriented approach, optimise the corporate governance structure, deepen digital transformation, and continue to focus on value creation in an attempt to strive for excellence, achieve steady development and explore new opportunities.



## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the revenue of the Group amounted to RMB3,926.81 million (the corresponding period in 2022: RMB3,527.40 million), representing an increase of 11.3% as compared with the corresponding period last year.

The revenue of the Group was derived from three main businesses: (i) basic property management services; (ii) value-added services; and (iii) other business.

	For the year ended 31 December				Change	
	2023		2022		Amount	Percentage
	Amount	(%)	Amount	(%)	(RMB'000)	
	(RMB'000)		(RMB'000)		(RMB'000)	
Revenue						
Basic property management services	3,221,360	82.0	2,814,793	79.8	406,567	14.4
Value-added services	679,272	17.3	668,710	19.0	10,562	1.6
Other business	26,176	0.7	43,893	1.2	(17,717)	(40.4)
<b>Total revenue</b>	<b>3,926,808</b>	<b>100.0</b>	<b>3,527,396</b>	<b>100.0</b>	<b>399,412</b>	<b>11.3</b>

During the Reporting Period, the revenue from basic property management services was RMB3,221.36 million (2022: RMB2,814.79 million), representing an increase of 14.4% as compared with the same period of last year.

## Basic Property Management Services

The following table sets forth (i) a breakdown of the GFA under management as of the dates indicated by type of property developer; and (ii) a breakdown of the revenue from the Group's basic property management services for the years indicated:

	For the year ended 31 December 2023/ As of 31 December 2023				For the year ended 31 December 2022/ As of 31 December 2022			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	25,623	40.0	2,172,046	67.4	24,479	45.5	2,166,727	77.0
Public and industrial properties	13,624	21.3	477,422	14.8	10,200	19.0	212,114	7.5
Residential properties	24,819	38.7	571,892	17.8	19,081	35.5	435,952	15.5
Total	<u>64,066</u>	<u>100.0</u>	<u>3,221,360</u>	<u>100.0</u>	<u>53,760</u>	<u>100.0</u>	<u>2,814,793</u>	<u>100.0</u>

For the year ended 31 December 2023, the Group's GFA under management was 64.07 million sq.m., representing an increase of 19.2% from 53.76 million sq.m. as at the same period of 2022. Commercial properties accounted for 40.0% (or 25.62 million sq.m.), public and industrial properties accounted for 21.3% (or 13.62 million sq.m.), and residential properties accounted for 38.7% (or 24.82 million sq.m.).

### Coverage of the GFA under Management

The Group operated its businesses in two major regions (the Greater Bay Area and the Yangtze River Delta Region) and other cities with high potential. As of 31 December 2023, projects under management of the Group covered 60 cities across China. By region, 38.1% of the GFA under management was located in the Guangdong-Hong Kong-Macao Greater Bay Area, 24.3% was located in the Yangtze River Delta urban agglomeration, and 37.6% was located in other regions.

### Value-added Services

During the Reporting Period, the revenue from value-added services increased by 1.6% to RMB679.27 million from RMB668.71 million in the corresponding period of 2022, accounting for approximately 17.3% (for the year ended 31 December 2022: 19.0%) of the total revenue.

The growth in value-added services was mainly attributable to the growth in the revenue from property owner value-added services. Revenue from property owner value-added services recorded a significant increase of 105.4% as compared with the same period of last year. Non-property owner value-added services has taken the initiative to scale down, recording a decrease in revenue of 29.0% compared with the corresponding period of last year.

## ***Other Business***

The revenue from other businesses mainly arose from financial services and apartment leasing services.

During the Reporting Period, the revenue from other businesses decreased to approximately RMB26.18 million from RMB43.89 million for the corresponding period of 2022, mainly attributable to the decrease of revenue from financial services by approximately RMB16.86 million compared with last year.

## **Cost of Sales**

The Group's cost of sales mainly consisted of staff costs, subcontracting costs, cleaning costs, repair and maintenance costs, utility costs, carpark expenses, office expenses, depreciation and amortisation, rental expenses and others.

During the Reporting Period, the Group's cost of sales amounted to RMB3,180.12 million (2022: RMB2,683.05 million), representing an increase of 18.5% in 2022, which was primarily due to an increase in staff costs, subcontracting costs and cleaning costs.

## **Gross Profit and Gross Profit Margin**

The table below sets forth a breakdown of the gross profit and gross profit margin of the Group by business line for the periods indicated:

	<b>For the year ended 31 December</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Gross profit</b>	<b>Gross profit margin</b>	<b>Gross profit</b>	<b>Gross profit margin</b>
	<b>(RMB'000)</b>	<b>(%)</b>	<b>(RMB'000)</b>	<b>(%)</b>
Basic Property Management				
Services	<b>591,804</b>	<b>18.4</b>	593,219	21.1
Value-added Services	<b>137,887</b>	<b>20.3</b>	221,285	33.1
Other Businesses	<b>17,000</b>	<b>64.9</b>	29,842	68.0
<b>Total</b>	<b>746,691</b>	<b>19.0</b>	<b>844,346</b>	<b>23.9</b>

During the Reporting Period, the Group's gross profit was RMB746.69 million, representing a decrease of 11.6% from RMB844.35 million in 2022. The gross profit margin decreased to 19.0% in the Reporting Period from 23.9% for the corresponding period in 2022, which remains at a good level.

The gross profit margin of basic property management services was 18.4% (2022: 21.1%), representing a decrease of 2.7 percentage points from last year, mainly due to the decrease in gross profit margin of the Group's third-party development business as a result of fierce competition in the extended development market.

The gross profit margin of value-added services was 20.3% (2022: 33.1%), representing a decrease of 12.8 percentage points from last year, mainly attributable to the Group's initiative to scale down non-property owner value-added services during the Reporting Period. The gross profit margin of non-property owner value-added services was 18.2%, representing a decrease of 17.2 percentage points from 35.4% in 2022.

The gross profit margin of other businesses was 64.9% (2022: 68.0%), representing a decrease of 3.1 percentage points from last year, mainly attributable to the decrease in gross profit margin as a result of losses in the apartment leasing business and downsizing of financial services.

### **Other Revenue**

The Group's other revenue mainly consisted of interest income and government grants.

During the Reporting Period, other revenue was RMB52.76 million (2022: RMB66.74 million), representing a decrease of 20.9% from last year, mainly attributable to the decrease of interest income from bank deposit.

### **Other Net Gain**

The Group's other net gain mainly consisted of gains on exchange, gain on wealth management investments and gain on disposal of assets.

During the Reporting Period, other net gain amounted to RMB13.74 million (2022: RMB11.15 million), which was mainly due to the gain of RMB15.38 million on the disposal of two apartment leasing projects (for long-term rental) in Shenzhen during the Reporting Period and losses on exchange of RMB4.59 million.

### **Impairment Losses on Receivables, Contract Assets and Financial Guarantee Issued**

During the Reporting Period, impairment losses on receivables, contract assets and financial guarantee issued were RMB96.70 million (2022: RMB84.18 million), representing an increase of RMB12.52 million compared with last year, mainly due to (i) the Company's reconciliation of trade receivable on the books and other receivables have undergone strict impairment tests, and reasonable impairments have been made. The impairment loss of accounts receivable and other receivables increased by RMB35.15 million compared with the same period last year; (ii) during the Reporting Period, the Company accrued a credit impairment loss of RMB13.09 million for financial services; and (iii) during the Reporting Period, the Company accrued a credit impairment loss of RMB10.06 million for Beijing Global's financial guarantee issued.

## **Selling and Marketing Expenses**

During the Reporting Period, the selling and marketing expenses amounted to RMB45.52 million (2022: RMB28.94 million), representing an increase of 57.3% from last year, which was mainly due to the increase in development staff costs for searching better business targets, as well as the increase in expenses for business development.

## **Administrative Expenses**

During the Reporting Period, administrative expenses amounted to RMB232.70 million (2022: RMB174.14 million), representing an increase of 33.6% from last year, which was mainly due to the increase in the Group's staff costs during the Reporting Period as well as the impact of the Group's acquisition of the equity interest in Shanghai Yaozhan Enterprise Management Co., Ltd. (“**Yaozhan Management**”).

## **Finance Costs**

During the Reporting Period, finance costs amounted to RMB5.94 million (2022: RMB9.14 million), representing a decrease of 35.0% from last year, which was mainly due to the disposal of two apartment leasing projects (for long-term rental) during the Reporting Period, which resulted in a decrease in interests on lease liabilities as compared to the same period last year.

## **Share of Profits Less Losses of Joint Ventures**

During the Reporting Period, the share of profits of joint ventures amounted to RMB2.40 million (2022: RMB0.82 million), representing an increase of 192.7% from last year.

## **Share of Profits Less Losses of Associates**

During the Reporting Period, the share of profits of associates amounted to RMB8.08 million (2022: RMB1.52 million), representing an increase of 431.6% from last year.

## **Income Tax**

During the Reporting Period, income tax was RMB119.46 million (2022: RMB173.57 million), representing a decrease of 31.2% from last year, mainly due to a decrease of profit before tax during the Reporting Period as a result of the aforementioned factors as compared with last year.

## **Profit for the Year**

During the Reporting Period, the Group's net profit amounted to RMB323.35 million (2022: RMB426.46 million), representing a decrease of 24.2% from last year.

During the Reporting Period, the profit attributable to shareholders of the Company (the “**Shareholders**”) amounted to RMB302.69 million (2022: RMB403.49 million), representing a decrease of 25.0% from last year.

During the Reporting Period, the net profit margin was 8.2% (2022: 12.1%).

## **Investment Properties**

As of 31 December 2023, the Group had no investment property. During the Reporting Period, the Group's disposal included two apartment leasing projects (for long-term rental) in Shenzhen. As of 31 December 2022, the Group's net investment properties amounted to RMB101.50 million.

## **Property, Plant and Equipment**

The property, plant and equipment of the Group mainly consisted of leasehold improvement, right-of-use assets, office equipment and furniture, machinery equipment and other fixed assets. As of 31 December 2023, the Group's net book value of property, plant and equipment amounted to RMB52.13 million, representing a decrease of RMB1.62 million from RMB53.75 million as of 31 December 2022, which was mainly due to the depreciation and amortisation during the Reporting Period.

## **Intangible Assets**

The Group's intangible assets mainly consisted of customer relationships and uncompleted property management contracts arising from corporate mergers and acquisitions. The Group's intangible assets decreased by RMB32.55 million from RMB367.46 million as of 31 December 2022 to RMB334.91 million as of 31 December 2023, which was primarily due to the amortisation amount arising during the term of the property management contract recognised by the acquired companies.

## **Goodwill**

The Group's goodwill increased by RMB18.23 million from RMB225.29 million as of 31 December 2022 to RMB243.52 million as of 31 December 2023, which was primarily due to the Group's completion of the acquisition project of Yaozhan Management during the Reporting Period.

The Group's goodwill was mainly related to the acquisitions of the equity interests in Wuhan Huanmao Property Management Co., Ltd., Henan Huangjin Property Management Co., Ltd. ("**Henan Huangjin**"), Beijing Global, Shenzhen Xingyi Investment Co., Ltd and Yaozhan Management. As of 31 December 2023, the management was not aware of any significant risk of impairment of goodwill.

## **Financial Asset Measured at Fair Value through Profit or Loss**

During the Reporting Period, the Group's financial asset measured at fair value through profit or loss amounted to RMB121.70 million, mainly due to the Group's acquisition of 15% equity in an unlisted company that engaged in car parks sales business with a third party at a consideration of RMB120.00 million in 2022. The Group has neither significant influence nor control over investments and designates such investments as measured at fair value through profit or loss.

## Interests in associates

During the Reporting Period, the Group acquired 32% equity interest in both Guizhou Zaixing Business Service Co., Ltd. (貴州在行商務服務有限公司, “**Guizhou Zaixing**”) and Chongqing Frequent Surprise Business Information Consulting Co., Ltd. (重慶頻頻出奇商務資訊諮詢有限公司, “**Chongqing Frequent Surprise**”) at total consideration of RMB66.21 million through capital injections. The Group determined that it has significant influence over Guizhou Zaixing and Chongqing Frequent Surprise and these two companies are treated as associates of the Group. In accordance with the acquisition agreements, the Group has the rights to sell the equity interests held by the Group to the vendors at fixed price (“**Put Options**”) and entitled to minimum profits payments guaranteed by the acquired associates or compensated by the vendor in cash (“**Profit Guarantees**”) in the three-year performance guarantee period. At the respective acquisition dates, the Group assessed the total fair value of Put Options and Profit Guarantees were not significant.

## Trade and Other Receivables

Trade and other receivables mainly consisted of trade receivables and other receivables.

As of 31 December 2023, the Group’s net trade and other receivables amounted to approximately RMB1,586.03 million, representing an increase of approximately RMB271.88 million from approximately RMB1,314.15 million as of 31 December 2022, mainly due to (i) the net trade receivables increased by approximately RMB275.72 million as compared with 31 December 2022, resulting from the growth in the scale of the Group’s revenue; (ii) the decrease in the Group’s net other receivables by approximately RMB79.54 million as compared with 31 December 2022.

## Trade and Other Payables

As of 31 December 2023, the Group’s trade and other payables amounted to RMB1,101.26 million, representing an increase of approximately RMB194.75 million from approximately RMB906.51 million as of 31 December 2022, mainly due to the increase in the Group’s total procurement volume resulted in an increase of trade payables of approximately RMB133.32 million as compared with 31 December 2022.

## Financial Guarantee Issued

Financial guarantee issued represents the expected payments to reimburse the loan holder for a credit loss that it incurs less any amount that the Group expects to receive from the realisation of pledged assets.

As of 31 December 2023, the financial guarantee issued by the Group was RMB72.43 million (as of 31 December 2022: RMB62.37 million), mainly due to the fact that Beijing Global, a non wholly-owned subsidiary of the Company, had provided a financial guarantee in respect of the seller’s borrowings in the principal amount of RMB183,433,000. On 20 June 2023, Beijing Global received a statement of claim, the notice of response and other documents from Beijing Financial Court in relation to a dispute of the outstanding loan. The financial guarantee resulted in a further loss of RMB10.06 million for the year ended 31 December 2023.

## **Lease Liabilities**

During the Reporting Period, lease liabilities were recognised according to new leasing standards. The lease liabilities payable within one year of RMB9.01 million were recognised in current liabilities, and the lease liabilities payable over one year of RMB9.67 million were recognised in long-term lease liabilities.

## **Contract Liabilities**

Our contract liabilities mainly represented prepayments from customers of the Group's commercial operation services and residential property management services. As of 31 December 2023, the Group's contract liabilities amounted to approximately RMB175.24 million, representing an increase of approximately RMB11.42 million from RMB163.82 million as of 31 December 2022.

## **Borrowings**

As of 31 December 2023, the Group's bank and other borrowings amounted to RMB22.00 million, all of which were bank borrowings of Yaozhan Management (31 December 2022: the Group had no bank and other borrowings).

## **Asset-liability Ratio**

The asset-liability ratio was calculated as the total liabilities divided by total assets of the same date. As of 31 December 2023, the Group's asset-liability ratio was 29.7% (the asset-liability ratio as of 31 December 2022 was 28.4%).

## **Pledged Assets**

As of 31 December 2023, RMB10.00 million of bank loans of subsidiaries of Yaozhan Management were secured by the operating income receivables generated by certain property management contracts with contractual amount of RMB39.04 million (31 December 2022: Nil).

## **Contingencies**

On 9 November 2022, Shenzhen Excellence Property Management Co., Ltd. ("**Excellence Property Management**"), an indirect wholly-owned subsidiary of the Company, has been served with a notice of arbitration issued by the Shanghai Arbitration Commission and the other relevant documents in relation to a dispute in respect of acquisition of 40% equity interest in a project company (the "**Project Company**") which is currently 60% held by a disposed subsidiary of the Group (the "**Disposed Subsidiary**"), involving the Disposed Subsidiary and Excellence Property Management, as the respondents, and the beneficial owners of the 40% equity interest in the Project Company, as the applicants.



The applicants alleged that the Disposed Subsidiary, as an agent of Excellence Property Management, failed to acquire all the 40% equity interest in the Project Company owned by the applicants and claimed against the Disposed Subsidiary and Excellence Property Management to:

- (i) pay the applicants RMB20.8 million being damages for the breach of the agreement;
- (ii) acquire all the equity interest in the Project Company owned by the applicants at a cash consideration calculated based on 40% of the audited net profit of the Project Company for the year ended 31 December 2020, multiplied by 12; and
- (iii) other costs.

The Group has engaged legal advisors to advise on the arbitration. For further details, please refer to the announcement of the Company dated 7 December 2022. Up to the date of this results announcement, no arbitral award was granted. Since the result of the arbitration cannot be estimated reliably as at the date of this announcement, no provision in respect of the arbitration was recognised.

As of 31 December 2023, there has been no new progress in the arbitration.

### **Liquidity, Reserves and Capital Structures**

The Group maintained a good financial position during the Reporting Period. As of 31 December 2023, the Group's cash and equivalents amounted to RMB2,156.70 million, representing a decrease of 15.9% from RMB2,564.43 million as of 31 December 2022, mainly due to the fact that the loans issued externally by Shenzhen Zhuotou Micro-Lending Co., Ltd., a subsidiary of the Company, have not yet due for repayment.

As of 31 December 2023, the Group's total equity was RMB3,652.70 million, representing an increase of RMB63.4 million or 1.8% from RMB3,589.30 million as of 31 December 2022, which was mainly due to the profit realised during the Reporting Period.

### **Exchange Rate Risks**

The main business of the Group is conducted in China, and our business is mainly denominated in Renminbi. As at 31 December 2023, non-RMB assets and liabilities were mainly cash and cash equivalents, which were denominated in Hong Kong dollars.

The management of the Group believes that the Group is not exposed to significant foreign exchange risks, and therefore no forward foreign exchange contracts have been entered into to hedge foreign exchange risks. The management will continue to monitor foreign exchange risks and adopt prudent measures to minimise foreign exchange risks.

## OTHER INFORMATION

### Use of Proceeds from the Listing

The Company issued 300,000,000 new shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 October 2020 (the “**Listing Date**”), and partially exercised the over-allotment options on 11 November 2020 and issued 22,490,000 new shares. After the partial exercise of the over-allotment options and deducting underwriting fees and related expenses, the total net proceeds raised from the listing (the “**Net Proceeds**”) are approximately HK\$3,359.5 million. As of 31 December 2023, the Company had utilized approximately HK\$1,533.9 million of the Net Proceeds, representing approximately 45.7% of the Net Proceeds and the unutilised Net Proceeds amounted to approximately HK\$1,825.6 million.

The business objectives and planned use of Net Proceeds as stated in the prospectus of the Company dated 7 October 2020 (the “**Prospectus**”) were based on the Group’s best estimation of future market conditions at the time of preparing the Prospectus. The actual use of Net Proceeds was based on the actual market development. As disclosed in the Company’s announcement dated 29 December 2022, the supplemental announcement dated 10 March 2023 and the clarification announcement dated 10 April 2023 (the “**Change in Use of Proceeds from the Global Offering Announcements**”), having carefully considered the latest business environment and development needs of the Group, the Board had resolved to change the proposed use of the unutilised Net Proceeds. Please refer to the Change in Use of Proceeds from the Global Offering Announcements for details of the change in use of the Net Proceeds and the reasons thereof.

As at 31 December 2023, the Group’s planned use and actual use of the net proceeds were as follows:

Major Categories	Specific Plans	% of actual Net Proceeds before re-allocation	Planned use of actual Net Proceeds before re-allocation (HK\$ million)	% of actual Net Proceeds after re-allocation	Planned use of actual Net Proceeds after re-allocation (HK\$ million)	Actual amount of proceeds unutilized as at 31 December 2023 (HK\$ million)	Actual amount	Actual amount
							of proceeds utilized during the year ended 31 December 2022 (HK\$ million)	of proceeds utilized during the year ended 31 December 2023 (HK\$ million)
Business expansion	Strategically acquire or invest in interests in companies with operational scale or profitability prospect	70.00%	2,351.7	55.00%	1,853.8	1,240.9	337.1	90.5
	Acquire or invest in interests in third party service providers to provide specialized value-added services or to expand the Group’s scope of services when opportunities arise							
	Acquire or invest in quality assets with revenue prospects to enhance the Group’s profitability when opportunities arise							

Major Categories	Specific Plans	% of actual Net Proceeds before re-allocation	Planned	% of actual Net Proceeds after re-allocation	Planned	Actual amount of proceeds unutilized as at 31 December 2023 (HK\$ million)	Actual	Actual amount of proceeds utilized during the year ended 31 December 2023 (HK\$ million)
			use of actual Net Proceeds before re-allocation (HK\$ million)		use of actual Net Proceeds after re-allocation (HK\$ million)		amount of proceeds utilized during the year ended 31 December 2022 (HK\$ million)	
Development of information technology system	Develop and optimise smart management information platform and provide other related support for the development and optimisation of smart management information platform; provide technology-enabled services to enhance customer experience and management efficiency	4.00%	134.3	3.00%	91.2	73.2	5.2	6.2
	Develop and optimise “O+” platform and provide other related support for the development and optimisation of “O+” platform. Achieve basic property services (property charges, parking fees, service orders, notices) and value-added services (shopping malls, food delivery, etc.) online	4.00%	134.3					
	Upgrade or introduce new business management systems to enhance internal control and improve management efficiency (e.g., improve automation, reduce error rates and provide timely analysis of operations and effective operational management); provide resources to support IT system upgrades	2.00%	67.2					
Facility upgrades for the properties under our management	Upgrade the facilities in some old residential properties under the Group’s management to develop intelligent communities	5.00%	168.0	4.00%	131.1	105.8	10.1	8.3

Major Categories	Specific Plans	% of actual Net Proceeds before re-allocation	Planned	% of actual Net Proceeds after re-allocation	Planned	Actual amount of proceeds unutilized as at 31 December 2023 (HK\$ million)	Actual	Actual amount of proceeds utilized during the year ended 31 December 2023 (HK\$ million)
			use of actual Net Proceeds before re-allocation (HK\$ million)		use of actual Net Proceeds after re-allocation (HK\$ million)		amount of proceeds utilized during the year ended 31 December 2022 (HK\$ million)	
Attracting and nurturing talent	Recruit and nurture professional talents strategically to provide the Group's customers with quality services and fully satisfy their needs, thereby enhancing customer satisfaction. The Company will also: <ul style="list-style-type: none"> <li>(i) provide professional trainings to our employees at key positions and identify and train up our future team leaders;</li> <li>(ii) recruit key personnel (supervisory level and above) strategically to support our business growth;</li> <li>(iii) recruit new employees to improve the strategic talent pool and provide professional functional trainings to the new employees; and</li> <li>(iv) other expenses for providing talent support for the Group.</li> </ul>	5.00%	168.0	18.00%	611.7	324.3	105.3	156.0
General corporate purposes	Working capital and general corporate purposes	10.00%	336.0	20.00%	671.7	81.4	66.7	187.6

*Note:* The estimated timeline for utilisation of the unutilised Net Proceeds after re-allocation is by the end of 31 December 2026.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Save as disclosed in this results announcement, the Group did not hold any significant investments and did not conduct any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

As disclosed in the announcement of the Company dated 6 April 2021, if the actual revenue generated from the property management projects managed by Beijing Global Wealth is less than the Guaranteed Revenue during the Relevant Periods (i.e., each of the five financial years ending 31 December 2025), Beijing Global Wealth will receive a compensation amount equivalent to the difference between the actual revenue and the Guaranteed Revenue for the particular Relevant Period from the Vendors, the Guarantor and the Remaining Shareholder.

The revenue generated from the property management projects managed by Beijing Global Wealth for the year ended 31 December 2023 was approximately RMB61.57 million, which is higher than the Guaranteed Revenue of RMB60.39 million for the year ended 31 December 2023. The Board is pleased to confirm that the Guaranteed Revenue for the year ended 31 December 2023 has been achieved.

Furthermore, as Beijing Global Wealth has not increased its fees for all property management services by 10% before 31 December 2021, the Guaranteed Revenue for each of the financial years ending 31 December 2025 remains valid.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2023, the Group had a total of 16,352 and 85 full-time employees (31 December: 15,676 and 66) in the PRC and India, respectively. The Group provides its employees with competitive remuneration packages such as fees, salaries, allowances and benefits in kind, bonuses and contributions to pension schemes and social benefits. The Group contributes to social insurance such as medical insurance, work-related injury insurance, pension insurance, maternity insurance, unemployment insurance and housing provident fund for its employees.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

## **ANNUAL GENERAL MEETING**

The Company will convene and hold its 2023 annual general meeting (the “AGM”) at 10:00 a.m. on 12 June 2024 (Wednesday), and the notice of the AGM will be published and dispatched to the Shareholders who requested to receive a printed version in the manner prescribed by the Listing Rules in due course.

## **FINAL DIVIDEND**

The Board has resolved to declare the payment of a final dividend of HK6.82 cents per ordinary share of the Company (the “**Share(s)**”) for the year ended 31 December 2023 (the “**Final dividend**”). The Final dividend is subject to approval by the Shareholders at the AGM, and is expected to be paid on or around 11 July 2024 (Thursday) to the Shareholders whose names appear on the register of members of the Company on 21 June 2024 (Friday).

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from 6 June 2024 (Thursday) to 12 June 2024 (Wednesday) (both days inclusive). In order to be eligible for attending and voting at the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5 June 2024 (Wednesday).

Subject to approval of the Final dividend by the Shareholders at the AGM, for the purpose of determining the identity of the Shareholders entitled to receive the Final dividend, the register of members of the Company will be closed from 18 June 2024 (Tuesday) to 21 June 2024 (Friday) (both days inclusive), during which period no transfer of Shares will be effected. In order to be eligible for receiving the Final dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 17 June 2024 (Monday).

## **SUFFICIENT PUBLIC FLOAT**

Based on information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the public float as required under the Listing Rules as of the date of this results announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its own corporate governance code.

During the year ended 31 December 2023, the Company has complied with all applicable code provisions under the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions conducted by the Directors. Having made specific enquiries to all Directors, each of them has confirmed that he/she has complied with the required standards set out in the Model Code during the year ended 31 December 2023, and the Company is not aware of any incident of non-compliance by the Directors during the Reporting Period.

## **AUDIT COMMITTEE**

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules and the CG Code. As at the date of this results announcement, the Audit Committee consists of four members, including one non-executive Director, namely Ms. Guo Ying, and three independent non-executive Directors, namely Mr. Kam Chi Sing, Professor Cui Haitao and Ms. Liu Xiaolan. Mr. Kam Chi Sing is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting system, risk management and internal control of the Company.

The Audit Committee has reviewed and approved with the senior management of the Company the accounting principles and practices adopted by the Group, as well as the annual results for the year ended 31 December 2023.

The financial figures as set forth in this results announcement have been compared by the Company’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year ended 31 December 2023 and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG.

## **EVENTS AFTER THE REPORTING PERIOD**

The Company renewed the caps of continuing connected transactions with Mr. Li Wa from 2024 to 2026, and some of these transactions are subject to approval by independent shareholders at a general meeting to be convened by the Company.

Save as disclosed in this results announcement, no other material events were undertaken by the Group after 31 December 2023 and up to the date of this results announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.excepm.com](http://www.excepm.com)), and the Company's annual report for the year ended 31 December 2023 will be dispatched to the Shareholders who requested to receive a printed version and published on the aforesaid websites in due course.

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

Hong Kong, 27 March 2024

*As at the date of this announcement, the executive Directors are Mr. Li Xiaoping and Mr. Yang Zhidong; the non-executive Directors are Ms. Guo Ying and Mr. Wang Yinhu; and the independent non-executive Directors are Professor Cui Haitao, Mr. Kam Chi Sing and Ms. Liu Xiaolan.*