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EXCELLENCE COMMERCIAL PROPERTY & FACILITIES MANAGEMENT GROUP LIMITED

卓越商企服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6989)

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

The Board is pleased to announce that on 24 August 2025, Excellence Property entered into the Settlement Agreement with Excellence Real Estate pursuant to which Excellence Real Estate shall conditionally transfer, and Excellence Property shall conditionally accept the transfer of, the Offset Assets at a total consideration of RMB362,825,942.

THE SETTLEMENT AGREEMENT

Date

24 August 2025

Parties

(1) Excellence Property; and

(2) Excellence Real Estate

Subject matter

Pursuant to the Settlement Agreement, Excellence Property shall conditionally acquire, and Excellence Real Estate shall conditionally sell, the Offset Assets at a total consideration of not more than RMB362,825,942.

For further details of the Offset Assets, please refer to the section headed "INFORMATION ON THE OFFSET ASSETS" in this announcement.

The Settlement Agreement is a framework agreement which contains the principles, mechanisms and terms and conditions upon which the parties thereto are to carry out (or procure to carry out) the transactions contemplated thereunder. Following the signing of the Settlement Agreement, Excellence Real Estate shall procure its relevant subsidiaries to enter into transfer agreements with subsidiaries of Excellence Property to effect the transactions contemplated under the Settlement Agreement.

Consideration

Pursuant to the Settlement Agreement, the consideration for the transfers of the Offset Assets was not more than RMB362,825,942, which shall be settled by the trade receivables and other receivables as at 31 July 2025 due from the Excellence Group in an equivalent amount.

The consideration for the transfers of the Offset Assets was determined after arm's length negotiations between the parties to the Settlement Agreement with reference to the valuation of the Offset Assets as at 31 July 2025 in the aggregate amount of RMB379,160,000 conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, of which (i) certain residential and retail units, car parking spaces and apartment units were valued at RMB47,300,000 using market approach, and (ii) certain office units, car parking spaces, right of use in residential units and right of use in car parking spaces were valued at RMB331,860,000 using income approach.

For those Offset Assets that were valued using market approach, the valuer adopted the comparison approach by making reference to comparable market transactions in its assessment of the market value of a property interest. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For those Offset Assets that were valued using income approach, as there were no recent sales transaction of similar property interests in the locality where such properties are located, the valuer took into account the rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for reversionary income potential of the leases, which then have been capitalized to determine the market value at an appropriate capitalization rate.

The valuation made by the valuer has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

The Directors have reviewed the assumptions adopted by the valuer and have been advised that the key assumptions adopted therein are commonly used in valuing similar companies. There are no irregularities noted by the Directors in relation to the quantitative inputs in such valuation. The Directors (excluding the independent non-executive Directors, who will provide their view in the circular after considering the letter from the Independent Financial Adviser) therefore consider that the key assumptions, quantitative inputs and methodology adopted in such valuation are fair and reasonable.

Further details of the valuation approach, methodology and assumptions will be set out in the relevant valuation reports to be included in the circular.

Conditions precedent

The effectiveness of the Settlement Agreement and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders at the EGM.

The long stop date of the Settlement Agreement shall be eleven months from the effective date of the Settlement Agreement.

INFORMATION OF THE PARTIES

Excellence Property is a company established in the PRC with limited liability. As at the date of this announcement, Excellence Property is a wholly-owned subsidiary of the Company and is principally engaged in property management services and related services.

Excellence Real Estate is a company established in the PRC with limited liability and is principally engaged in real estate development.

INFORMATION OF THE OFFSET ASSETS

The Offset Assets includes (i) 18 properties held for sale by the Excellence Group in the PRC (comprising (a) office units; (b) residential and retail units; (c) car parking spaces; and (d) the right of use in residential units, car parking spaces and ancillary units respectively located in Dongguan City, Chengdu City, Qingdao City, Wuhan City, Kunming City, Tianjin City, Guangzhou City, Jiaxing City, Chongqing City and Shenzhen City); and (ii) one property held for development by the Excellence Group in the PRC (being various apartment units of a property project under construction in Changsha City, Hunan Province, the PRC).

As the Offset Assets form part of the property projects developed by the Excellence Group, no original acquisition cost for the Offset Assets is available.

As at the date of this announcement, to the best of the Directors' knowledge and having made all reasonable inquiries, certain car parking spaces forming part of the Offset Assets are in operation for parking fees and other Offset Assets (other than the property held for development which is still under construction) have not been leased out and are held for sale.

REASONS AND BENEFITS FOR ENTERING INTO THE SETTLEMENT AGREEMENT

As at the date of this announcement, the Excellence Group has certain outstanding trade receivables and other receivables due to the Group. After arm's length negotiation with the Excellence Group, the Group reached the Settlement with the Excellence Group which will (i) allow the Group to recover a large portion of the trade receivables and other receivables due from the Excellence Group; (ii) mitigates the Group's credit exposure; and (iii) provide the Group with a portfolio of long-term value-accretive assets.

In considering agreeing to the Settlement, the Group has considered the following factors:

1. High-quality assets with appreciation potential

The Offset Assets primarily comprise commercial office buildings, premium residential units and car parking spaces located in core urban areas in the PRC. They benefit from prime locations with strong demand fundamentals, sound liquidity, and defensive value retention across market cycles. They are also expected to deliver long-term capital appreciation. The Group believes that accepting the transfers of the Offset Assets will not only safeguard the interests of the Shareholders but also further strengthen the asset base of the Group.

2. Business synergies and strategic value

The Offset Assets are highly complementary to the Group's existing property management and value-added services. Their addition will enable the Group to expand its managed portfolio, diversify service scenarios, and extend its value chain. For example, the Group can provide bespoke property and ancillary services to high-end residential communities and parking facilities, while exploring corporate support and business solutions for office tenants. This is expected to enhance the Group's brand influence and overall competitiveness.

3. Attractive timing under current market conditions

Against the backdrop of ongoing adjustments in the real estate market in the PRC, valuations of high-quality assets remain at relatively subdued levels. Accepting the transfers of the Offset Assets at the present time allows the Group to capture long-term resources at attractive entry points, aligning with the Group's strategy of prudent investment and counter-cyclical positioning.

4. Flexible asset management strategy

Looking ahead, the Group will adopt a flexible approach to managing the Offset Assets, taking into account both market conditions and asset characteristics. Options include self-operated leasing to generate recurring cash flows, engaging professional agencies for specialized operations, or selectively disposing of assets to realize capital gains when appropriate. Through this diversified strategy, the Group seeks to maximize the overall value of the Offset Assets, enhance profitability, and deliver sustainable and attractive returns to the Shareholders.

In light of the above, the Board (excluding independent non-executive Directors, who will provide their view in the circular after considering the letter from the Independent Financial Adviser) considers that the terms of the Settlement Agreement and the transactions contemplated thereunder are fair and reasonable, are not entered in the ordinary and usual course of business of the Group but are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Settlement are more than 5% but all of which are less than 25%, the Settlement constitutes a discloseable transactions of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Excellence Real Estate is owned as to more than 30% by Mr. Li Wa, a controlling shareholder of the Company. As such, Excellence Real Estate is an associate of Mr. Li Wa and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Settlement Agreement and the transactions contemplated thereunder will constitute connected transactions under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Settlement Agreement exceed 5%, the Settlement Agreement is subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

GENERAL

A circular containing, among others, (i) further details of the Settlement Agreement; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM, will be uploaded to the websites of the Stock Exchange and the Company in due course. As additional time is required to finalise certain information contained in the circular, the Company expects to upload the circular on or around 30 September 2025.

DEFINITIONS

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

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	board of Directors
"Company"	Excellence Commercial Property & Facilities Management Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (Stock code: 6989)
"connected person(s)"	has the meaning as ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"EGM"	an extraordinary general meeting of our Company to be convened for the purpose of considering and, if thought fit, approving, among others, the Settlement Agreement and the transactions contemplated thereunder
"Excellence Group"	Excellence Real Estate and its subsidiaries
"Excellence Property"	Shenzhen Excellent Property Management Co., Ltd.* (深圳市卓越物業管理有限責任公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
"Excellence Real Estate"	Excellence Real Estate Group Co., Ltd.* (卓越置業集團有限公司), a company established in the PRC with limited liability on 21 June 1996, which is indirectly owned as to 95% by Mr. Li Wa (李華) and 5% by Mr. Li Xiaoping (李曉平)
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising the independent non-executive Directors, which has been established for the purpose of advising the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder
"Independent Financial Adviser"	the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Settlement Agreement and the transactions contemplated thereunder
"Independent Shareholders"	the Shareholders other than (i) Mr. Li Wa and his associates and (ii) any Shareholder who has a material interest in the transactions who, pursuant to the Listing Rules, must abstain from voting on the board resolutions approving the Settlement Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Li Wa"	Mr. Li Wa (李華), a controlling shareholder of the Company
"Mr. Li's Companies"	companies which are associates (as defined under the Listing Rules) of Mr. Li Wa (but excluding the Group)
"Offset Assets"	the properties as more particularised in the section headed "INFORMATION ON THE OFFSET ASSETS", being the subject assets under the Settlement Agreement
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Settlement"	the settlement of part of the trade receivables and other receivables due from the Excellence Group as at 31 July 2025 in the amount of not more than RMB362,825,942 by way of transfers of the Offset Assets by the Excellence Group to the Group
"Settlement Agreement"	the settlement agreement dated 24 August 2025 entered into between Excellence Property and Excellence Real Estate in relation to the Settlement
"Shareholder(s)"	holder(s) of the Shares

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

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

Hong Kong, 25 August 2025

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.

* *for identification purposes only*