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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)

ANNOUNCEMENT

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Our Company has entered into the following New Agreements:

- (i) 2024 Master Parking Spaces' Use Right Purchase Agreement entered into between our Company and Mr. Li Wa for a term commencing from 1 January 2024 until 31 December 2026.
- (ii) 2024 Decoration and Maintenance Services Framework Agreement entered into between our Company and Mr. Li Wa for a term commencing from 1 January 2024 until 31 December 2026.
- (iii) 2024 Property Agency Services Framework Agreement entered into between our Company and Mr. Li Wa for a term commencing from 1 January 2024 until 31 December 2026.
- (iv) 2024 Master Property Management Services Agreement entered into between our Company and Mr. Li Wa for a term commencing from 1 January 2024 until 31 December 2026.
- (v) 2024 Master Supply and Installation Agreement entered into between our Company and Mr. Li Wa for a term commencing from 1 January 2024 until 31 December 2026.

- (vi) 2024 Master Commercial Properties Lease Agreement entered into between our Company and Mr. Li Wa for a term commencing from 1 January 2024 until 31 December 2026.
- (vii) 2024 Master Construction Material Trading Agreement entered into between our Company and Mr. Li Wa for a term commencing from 1 January 2024 until 31 December 2026.
- (viii) 2024 Master Intelligent Community Services Agreement entered into between our Company and Mr. Li Wa for a term commencing from 1 January 2024 until 31 December 2026.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Li Wa is a controlling shareholder of our Company and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the New Agreements will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed highest annual cap during the term of each of the 2024 Master Parking Spaces' Use Right Purchase Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Supply and Installation Agreement exceed 5%, according to Chapter 14A of the Listing Rules, the transactions contemplated thereunder will be subject to, among others, the reporting, annual review, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among others, (i) further details of the 2024 Master Parking Spaces' Use Right Purchase Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Supply and Installation 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 dispatched by our Company to the Shareholders in due course. As additional time is required to finalise certain information contained in the circular, our Company expects to dispatch the circular on or around 1 March 2024.

As the applicable percentage ratios in respect of the proposed highest annual cap under each of the 2024 Master Commercial Properties Lease Agreement, the 2024 Decoration and Maintenance Services Framework Agreement, the 2024 Property Agency Services Framework Agreement, the 2024 Master Construction Material Trading Agreement and the 2024 Master Intelligent Community Services Agreement are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As 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 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 New Agreements 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.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Our Company has entered into the following New Agreements.

(1) 2024 MASTER PARKING SPACES' USE RIGHT PURCHASE AGREEMENT

On 2 February 2024, our Company and Mr. Li Wa agreed upon the terms and conditions of the 2024 Master Parking Spaces' Use Right Purchase Agreement, pursuant to which our Group has agreed to, from time to time, enter into transactions to purchase rights-of-use of the Parking Spaces from Mr. Li's Companies. Our Company and Mr. Li Wa had previously entered into an agreement on substantially the same terms as the 2024 Master Parking Spaces' Use Right Purchase Agreement for a term from 22 July 2022 to 31 December 2023 (both dates inclusive) (the "**Previous Master Parking Spaces' Use Right Purchase Agreement**"). For details, please refer to the announcement of our Company dated 22 July 2022 and the 2022 Annual Report.

Principal terms

The principal terms of the 2024 Master Parking Spaces' Use Right Purchase Agreement are as follows:

Date: 2 February 2024

Parties: (a) our Company; and

(b) Mr. Li Wa

Term: The term of the 2024 Master Parking Spaces' Use Right Purchase Agreement shall commence from 1 January 2024 up to 31 December 2026 (both dates inclusive). Subject to compliance with the Listing Rules, the 2024 Master Parking Spaces' Use Right Purchase Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

Our Group had not purchased any rights-of-use of Parking Spaces from Mr. Li's Companies for the two financial years ended 31 December 2020 and 2021. For the financial year ended 31 December 2022 and the nine months ended 30 September 2023 respectively, the total amount of purchase price paid/payable by our Group under the Previous Master Parking Spaces' Use Right Purchase Agreement are set out as below:

	(Audited)	(Unaudited)
	Year ended	Nine months
	31 December	ended
	2022	30 September
	(RMB'000)	2023
		(RMB'000)
Total purchase price paid/payable	33,529	22,600

Proposed annual caps

The proposed annual caps for the transactions contemplated under the 2024 Master Parking Spaces' Use Right Purchase Agreement for each of the three years ending 31 December 2024, 2025, and 2026 are set forth below, which were determined with reference to the following major factors:

- (i) the historical transaction amounts under the Previous Master Parking Spaces' Use Right Purchase Agreement;
- (ii) the utilization rate for the year ended 31 December 2022 and nine months ended 30 September 2023 under the Previous Master Parking Spaces' Use Right Purchase Agreement being 37.25% and 15.07%, respectively;
- (iii) the estimated number of agreements to be entered into pursuant to the 2024 Master Parking Spaces' Use Right Purchase Agreement and the estimated transaction amounts based on such agreements during the period from 1 January 2024 to 31 December 2026 (calculated on the basis of the relevant Parking Spaces then available);
- (iv) the market rate for purchasing comparable rights-of-use of parking spaces in similar location;
- (v) the estimated revenue that can be generated from the re-sale of the rights-of-use of the Parking Spaces purchased from Mr. Li's Companies;
- (vi) our Group's plan to continue to grow our Group's business in the sales of the rights-of-use of parking spaces; and
- (vii) a reasonable buffer of approximately 5.0% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

	Proposed annual caps		
	Year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>

Total purchase price payable by our Group under the 2024 Master Parking Spaces' Use Right Purchase Agreement	108,000	108,000	119,000
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Pricing policy

The purchase price that our Group expects to pay for the rights-of-use of the Parking Spaces will be determined after arm's length negotiations with reference to, among others, (i) our Group's internal sales plans and forecasts prepared for each of the relevant transactions; and (ii) the average price of similar projects in surrounding area.

The details of the payment mechanism for the fees and payments payable by our Group shall be agreed by the relevant parties under separate agreements with reference to the normal commercial terms comparable to those for comparable sales transactions between Independent Third Parties and Mr. Li's Companies.

Reasons and benefits for entering into the 2024 Master Parking Spaces' Use Right Purchase Agreement

The purchase of the rights-of-use of the Parking Spaces is expected to continue to be lucrative for our Group as the selling of the rights-of-use of the Parking Spaces will bring convenience and comfort to the occupants of the properties managed by our Group because such Parking Spaces are located in or adjacent to the properties managed by our Group, which will in turn improve the living experience and satisfaction of the occupants living in the properties that are managed by our Group. Further, as it is expected that our Group will continue to receive a bulk-purchase discount from Mr. Li's Companies when purchasing the rights-of-use of the Parking Spaces, it is expected that the occupants of the properties managed by our Group can purchase the rights-of-use of the Parking Spaces at a lower price if they purchase them from our Group rather than purchasing the same from Mr. Li's Companies directly on an individual basis.

Our Group believes that the transactions under the 2024 Master Parking Spaces' Use Right Purchase Agreement will be beneficial to our Group due to its relatively high profitability. In addition, as our Group expects that the property developing and sales units of Mr. Li's Companies would, in an effort to reduce costs and to expedite project delivery, gradually withdraw their operations from the property management process of the property developments to which the Parking Spaces relate, our Group intends to leverage on its advantage as a property management service provider to carefully select the Parking Spaces of the high-quality property developments developed by Mr. Li's Companies for subsequent sale. For example, our Group would select Parking Spaces with clear title and controllable market risks, and ensure that the Parking Spaces selected are of comparable or better quality than those that could be obtained from

third parties. Lastly, our Group has already developed a comprehensive team structure during the course of its operations under the Previous Master Parking Spaces' Use Right Purchase Agreement. As such, our Group plans to further utilise its already established organisational structure to further benefit from the transactions contemplated under the 2024 Master Parking Spaces' Use Right Purchase Agreement.

It is expected that the 2024 Master Parking Spaces' Use Right Purchase Agreement will continue to facilitate business growth of our Group in the sales of rights-of-use of Parking Spaces, which will be in line with our Group's overall business development strategy. Therefore, it is in our Company's best interest to enter into the 2024 Master Parking Spaces' Use Right Purchase Agreement.

(2) **2024 DECORATION AND MAINTENANCE SERVICES FRAMEWORK AGREEMENT**

On 2 February 2024, our Company and Mr. Li Wa agreed upon the terms and conditions of the 2024 Decoration and Maintenance Services Framework Agreement, pursuant to which our Group has agreed to supply the Decoration and Maintenance Services to the properties owned, used, developed or being developed by Mr. Li's Companies in the PRC. Our Company and Mr. Li Wa had previously entered into an agreement on substantially the same terms as the 2024 Decoration and Maintenance Services Framework Agreement for a term from 22 July 2022 to 31 December 2023 (both dates inclusive) (the "**Previous Decoration and Maintenance Services Framework Agreement**"). For details, please refer to the announcement of our Company dated 22 July 2022 and the 2022 Annual Report.

Principal terms

The principal terms of the 2024 Decoration and Maintenance Services Framework Agreement are as follows:

Date: 2 February 2024

Parties: (a) our Company; and

(b) Mr. Li Wa

Term: The term of the 2024 Decoration and Maintenance Services Framework Agreement shall commence from 1 January 2024 up to 31 December 2026 (both dates inclusive). Subject to compliance with the Listing Rules, the 2024 Decoration and Maintenance Services Framework Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

Our Group had not provided any Decoration and Maintenance Services to Mr. Li's Companies for the two financial years ended 31 December 2020 and 2021. For the financial year ended 31 December 2022 and the nine months ended 30 September 2023 respectively, the total amount of services fees received/receivable to our Group under the Previous Decoration and Maintenance Services Framework Agreement are set out as below:

	(Audited)	(Unaudited)
	Year ended	Nine months
	31 December	30 September
	2022	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Total services fees received/receivable	157	67

Proposed annual caps

The proposed annual caps for the transactions contemplated under the 2024 Decoration and Maintenance Services Framework Agreement for each of the three years ending 31 December 2024, 2025, and 2026 are set forth below, which were determined with reference to the following major factors:

- (i) the historical transaction amounts under the Previous Decoration and Maintenance Services Framework Agreement;
- (ii) the utilization rate for the year ended 31 December 2022 and the nine months ended 30 September 2023 under the Previous Decoration and Maintenance Services Framework Agreement being 0.41% and 0.10%, respectively;
- (iii) under the Previous Decoration and Maintenance Services Framework Agreement, the total contract value of existing projects as at 31 December 2023 and the expected total contract value of new projects for each of the three years ending 31 December 2024, 2025 and 2026;
- (iv) the market price of similar services provided by Independent Third Parties;
- (v) our Group's business strategy to rapidly expand and develop the decoration and maintenance business; and
- (vi) a reasonable buffer of approximately 5.0% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

	Proposed annual caps		
	Year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>

Total service fees payable to our Group under the 2024 Decoration and Maintenance Services Framework Agreement	5,000	16,000	25,000
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Pricing policy

The service fees that our Group will charge for the Decoration and Maintenance Services shall be determined after arm's length negotiations with reference to, among others, (i) service fees offered by Independent Third Parties to provide comparable decoration and maintenance services in the market; (ii) the reasonable costs for providing the Decoration and Maintenance Services; and (iii) the profit margin that is in line with the market practice for providing comparable decoration and maintenance services.

The details of the payment mechanism for the payments due to our Group shall be agreed by the relevant parties under separate agreements with reference to the normal commercial terms comparable to those for provision of comparable services by Independent Third Parties to Mr. Li's Companies.

Reasons and benefits for entering into the 2024 Decoration and Maintenance Services Framework Agreement

Mr. Li's Companies have adopted a relatively high standard relating to the delivery of certain property projects in order to meet consumers' increasing demand for well-decorated properties, which requires a high standard of decoration and maintenance services to be completed prior to the delivery of the properties. With in-depth knowledge of the needs for well-decorated properties and extensive experience in providing engineering services during the provision of the Property Management Services and supply of Construction Materials, the Board believes that our Group is able to continue to provide high quality Decoration and Maintenance Services for the properties owned, used, developed or being developed by Mr. Li's Companies, which has contributed to a stable revenue stream of our Group.

It is expected that the 2024 Decoration and Maintenance Services Framework Agreement will continue to be conducive to the expansion of our Group's business scale and increase its business undertaking capacity, contribute to the long-term development of our Group's Decoration and Maintenance Services and other businesses, which will in turn have a positive impact on the current and future business of our Group. Therefore, it is in our Company's best interest to enter into the 2024 Decoration and Maintenance Services Framework Agreement.

(3) 2024 PROPERTY AGENCY SERVICES FRAMEWORK AGREEMENT

On 2 February 2024, our Company and Mr. Li Wa agreed upon the terms and conditions of the 2024 Property Agency Services Framework Agreement, pursuant to which our Group has agreed to provide Property Agency Services in respect of: (i) the sales of residential and commercial properties and Parking Spaces developed or being developed by Mr. Li's Companies; and (ii) the unleased units in the office buildings, unleased ancillary commercial units in the residential communities and unleased car parking spaces owned by Mr. Li's Companies and managed by our Group. Our Company and Mr. Li Wa had previously entered into an agreement on substantially the same terms as the 2024 Property Agency Services Framework Agreement for a term from 19 October 2020 to 31 December 2022 (both dates inclusive), as supplemented by the supplemental agreement between the same parties entered into on 22 July 2022 (collectively, the "Previous Property Agency Services Framework Agreement"). For details, please refer to the announcement of our Company dated 22 July 2022 and the 2022 Annual Report.

Principal terms

The principal terms of the 2024 Property Agency Services Framework Agreement are as follows:

Date: 2 February 2024

Parties: (a) our Company; and
(b) Mr. Li Wa

Term: The term of the 2024 Property Agency Services Framework Agreement shall commence from 1 January 2024 up to 31 December 2026 (both dates inclusive). Subject to compliance with the Listing Rules, the 2024 Property Agency Services Framework Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the three financial years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2023 respectively, the total amount of commission fees received and/or receivable by our Group under the Previous Property Agency Services Framework Agreement are set out as below:

	(Audited)			(Unaudited)
	Year ended 31 December			Nine months ended
	2020	2021	2022	30 September
	(RMB'000)	(RMB'000)	(RMB'000)	2023
				(RMB'000)
Total commission fees received/ receivable	2,200	2,733	2,744	178

Proposed annual caps

The proposed annual caps for the transactions contemplated under the 2024 Property Agency Services Framework Agreement for each of the three years ending 31 December 2024, 2025, and 2026 are set forth below, which were determined with reference to the following major factors:

- (i) the historical transaction amounts under the Previous Property Agency Services Framework Agreement;
- (ii) the utilization rate for the years ended 31 December 2021, 2022 and the nine months ended 30 September 2023 under the Previous Property Agency Services Framework Agreement being 94.24%, 1.96% and 0.13%, respectively;
- (iii) the estimated number of residential development projects for which our Property Agency Services are expected to be provided under the 2024 Property Agency Services Framework Agreement and the estimated commission rate receivable by our Group thereunder. During the three financial years ended 31 December 2020, 2021 and 2022 and the nine months ended 30 September 2023, our Group mainly provided agency services in respect of the unleased units in the office buildings owned by Mr. Li's Companies. Our Group intends to focus the provision of Property Agency Services on the sales of residential and parking spaces developed or being developed by Mr. Li's Companies in light of the downward impact of the economic environment, which resulted in a decrease in the demand for renting office buildings in 2023;
- (iv) a reasonable buffer of approximately 5.0% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

	Proposed annual caps		
	Year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Commission fees receivable by our Group under the 2024 Property Agency Services Framework Agreement	4,000	3,000	3,000

Pricing policy

The commission fees to be charged by our Group for the Property Agency Services shall be determined after arm's length negotiations with reference to (i) the rental or selling price and the GFA of the properties to be leased or sold through our Property Agency Services; and (ii) a commission rate which is comparable to the market rate provided by other property agency service providers which are Independent Third Parties to Mr. Li's Companies for providing similar services.

Reasons and benefits for entering into the 2024 Property Agency Services Framework Agreement

Taking into account the increase in the number of residential properties developed or being developed by Mr. Li's Companies and thus the increase in units in the ancillary commercial units in the residential communities owned by Mr. Li's Companies and managed by our Group that are available for lease, there has been an increasing demand for Property Agency Services from Mr. Li's Companies. In addition, as our Group has gradually optimized the way that it provides Property Agency Services to Mr. Li's Companies, attributable to our past experience under the Previous Property Agency Services Framework Agreement, the Board believes that our Group will be able to continue to reduce its costs when providing the Property Agency Services. The Board further believes that the Property Agency Services will continue to provide a stable revenue stream for our Group because there is a high demand for Property Agency Services from Mr. Li's Companies for the relevant properties. Therefore, it is in our Company's best interest to enter into the 2024 Property Agency Services Framework Agreement.

(4) 2024 MASTER PROPERTY MANAGEMENT SERVICES AGREEMENT

On 2 February 2024, our Company and Mr. Li Wa agreed upon the terms and conditions of the 2024 Master Property Management Services Agreement, pursuant to which our Group has agreed to provide Mr. Li's Companies with Property Management Services, including but not limited to (i) pre-delivery services, including (a) the on-site security, cleaning and display units and on-site sales office management services; (b) preliminary planning and design consultancy services; (c) house inspection; and (d) pre-delivery cleaning services; and (ii) property management services for the unsold residential property units and commercial properties owned and used by Mr. Li's Companies. The pre-delivery services are mainly provided to Mr. Li's Companies to assist in preparing, showcasing and marketing the properties developed by Mr. Li's Companies at a pre-sale stage while the property management services are mainly provided to Mr. Li's Companies to provide basic property management services to its unsold residential property units and commercial properties.

Our Company and Mr. Li Wa had previously entered into an agreement on substantially the same terms as the 2024 Master Property Management Services Agreement for a term from 19 October 2020 to 31 December 2022 (both dates inclusive), as supplemented by the supplemental agreement between the same parties entered into on 22 July 2022 (collectively, the “**Previous Master Property Management Services Agreement**”). For details, please refer to the announcement of our Company dated 22 July 2022, the circular of our Company dated 8 November 2022 and the 2022 Annual Report.

Principal terms

The principal terms of the 2024 Master Property Management Services Agreement are as follows:

Date:	2 February 2024
Parties:	(a) our Company; and (b) Mr. Li Wa
Term:	The 2024 Master Property Management Services Agreement shall commence from 1 January 2024 up to 31 December 2026 (both dates inclusive). Subject to compliance with the Listing Rules, the 2024 Master Property Management Services Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the three financial years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2023 respectively, the total amount of service fees received and/or receivable by our Group under the Previous Master Property Management Services Agreement are set out as below:

	(Audited)			(Unaudited)
	Year ended 31 December			Nine months ended
	2020	2021	2022	30 September 2023
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
(i) Pre-delivery services	127,240	187,897	238,768	130,332
(ii) Property management services	71,960	102,663	161,741	127,533
Total service fees received/receivable	199,200	290,560	400,509	257,865

Proposed annual caps

The proposed annual caps for the transactions contemplated under the 2024 Master Property Management Services Agreement for each of the three years ending 31 December 2024, 2025, and 2026 are set forth below, which were determined with reference to the following major factors:

- (i) the historical transaction amounts under the Previous Master Property Management Services Agreement;
- (ii) the utilization rate for the years ended 31 December 2021, 2022, and nine months ended 30 September 2023 under the Previous Master Property Management Services Agreement being 99.61%, 78.53% and 40.67%, respectively;
- (iii) the number of revenue-generating projects for each of the three financial years ending 31 December 2024, 2025, and 2026, which is expected to range from approximately 160 to 171 projects, under the 2024 Master Property Management Services Agreement;
- (iv) the estimated GFA of the residential properties for each of the three financial years ending 31 December 2024, 2025, and 2026 is expected to range from approximately 16.7 million sq.m. to 18.6 million sq.m., under the 2024 Master Property Management Services Agreement;
- (v) the estimated number of staff required for each expected project based on the average number of staff assigned to each existing project;
- (vi) the expected service fees charged by our Group for the property management services, which shall be determined on the basis of (i) the GFA, location and positioning of the property; (ii) the estimated operating costs (including but not limited to, labor costs, management costs, energy costs, and material costs); (iii) the prices charged by other service providers which provide comparable services to the properties managed by our Group; (iv) the government-guided property management services fees for residential properties promulgated by the relevant local regulatory authorities; and (v) the prices charged by our Group for providing comparable services to Independent Third Parties; and
- (vii) a reasonable buffer of approximately 5.0% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

	Proposed annual caps		
	Year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Service fees receivable by our Group under the 2024 Master Property Management Services Agreement	381,000	354,000	337,000

Pricing policy

The service fees to be charged by our Group for the Property Management Services shall be determined on arm's length basis with reference to the following key factors:

In respect of the pricing policy of providing pre-delivery services:

- (i) the GFA, location and positioning of the properties;
- (ii) the anticipated operation costs (including but not limited to labor costs, administration costs, energy costs and costs of materials); and
- (iii) the prices charged by our Group for providing at least three other service providers who provide comparable services to Independent Third Parties for properties in close proximity of the properties managed by our Group.

In respect of the pricing policy of the property management services:

- (i) the GFA, location and positioning of the properties;
- (ii) the anticipated operation costs (including but not limited to labor costs, administration costs, energy costs and costs of materials);
- (iii) the prices charged by three other service providers who provide comparable services for properties in close proximity of the properties managed by our Group;
- (iv) the government-guided property management services fees for residential properties promulgated by the relevant local regulatory authorities; and
- (v) the prices charged by our Group for providing comparable services to Independent Third Parties.

In light of the foregoing key factors, our Group would determine the final services fees charged for the Property Management Services provided for a specific property in accordance with the following steps:

1. Propose a management service fee based on the information of the property, such as GFA, location and positioning.
2. Confirm the final service fee is in line with the applicable regulatory requirements (if applicable).

Reasons and benefits for entering into the 2024 Master Property Management Services Agreement

Our Group has been providing Property Management Services to Mr. Li's Companies which has contributed to a considerable and stable revenue stream of our Group. Mr. Li's companies have continued to show demand for our Property Management Services.

It is expected that our Group will continue to provide Property Management Services to Mr. Li's Companies for the three financial years ending 31 December 2024, 2025, and 2026 respectively, and therefore, it is in our Company's best interest to enter into the 2024 Master Property Management Services Agreement.

(5) 2024 MASTER SUPPLY AND INSTALLATION AGREEMENT

On 2 February 2024, our Company and Mr. Li Wa agreed upon the terms and conditions of the 2024 Master Supply and Installation Agreement, pursuant to which our Group has agreed to provide assistance to the supply of the Systems and related installation services to Mr. Li's Companies. Our Company and Mr. Li Wa had previously entered into an agreement on substantially the same terms as the 2024 Master Supply and Installation Agreement for a term from 19 October 2020 to 31 December 2022 (both dates inclusive), as supplemented by the supplemental agreement between the same parties entered into on 22 July 2022 (collectively, the "**Previous Master Supply and Installation Agreement**"). For details, please refer to the announcement of our Company dated 22 July 2022, the circular of our Company dated 8 November 2022 and the 2022 Annual Report.

Principal terms

The principal terms of the 2024 Master Supply and Installation Agreement are as follows:

Date: 2 February 2024

Parties: (a) our Company; and

(b) Mr. Li Wa

Term: The 2024 Master Supply and Installation Agreement shall commence from 1 January 2024 up to 31 December 2026 (both dates inclusive). Subject to compliance with the Listing Rules, the 2024 Master Supply and Installation Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the three financial years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2023 respectively, the revenue from Mr. Li's Companies in relation to the Previous Master Supply and Installation Agreement are set out as below:

	(Audited)			(Unaudited)
	Year ended 31 December			Nine months ended
	2020	2021	2022	30 September 2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue from Mr. Li's Companies	110,494	152,881	172,649	116,866

Proposed annual caps

The proposed annual caps for the transactions contemplated under the 2024 Master Supply and Installation Agreement for each of the three years ending 31 December 2024, 2025, and 2026 are set forth below, which were determined with reference to the following major factors:

- (i) the historical transaction amounts under the Previous Master Supply and Installation Agreement;
- (ii) the utilization rate for the years ended 31 December 2021, 2022 and nine months ended 30 September 2023 under the Previous Master Supply and Installation Agreement being 84.74%, 70.99% and 37.37%, respectively;
- (iii) the estimated residual contract value of existing projects as at 31 December 2023 and the expected total contract value of new projects for each of the years ending 31 December 2024, 2025 and 2026;
- (iv) the estimated number of projects requiring the System Supply and Installation Services of approximately 150 to 170 projects for each of the financial years ending 31 December 2024, 2025, and 2026, respectively;
- (v) the estimated fees receivable for the sale of the Systems and the related installation services under the 2024 Master Supply and Installation Agreement for each of the three financial years ending 31 December 2024, 2025, and 2026;
- (vi) a reasonable buffer of approximately 5.0% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

	Proposed annual caps		
	Year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue from Mr. Li's Companies in relation to the 2024 Master Supply and Installation Agreement	180,000	193,000	195,000

Pricing policy

The fees to be received by our Group under the 2024 Master Supply and Installation Agreement shall be determined on arm's length basis with reference to the following factors:

- (i) historical transaction amounts and the fees charged by our Group for providing similar services to Independent Third Parties customers;
- (ii) (in relation to the fees for the Systems) the costs of the Systems purchased from Independent Third Parties plus a reasonable average mark-up rate, which is determined based on historical average profit rate; and
- (iii) (in relation to fees for providing the System Supply and Installation Services) the labor costs for providing such services, a wage that is determined based on the minimum wage of particular regions in the PRC.

Reasons and benefits for entering into the 2024 Master Supply and Installation Agreement

With the increase in the properties developed and owned by Mr. Li's Companies, it is expected that there will be an increase in the demand of Mr. Li's Companies for the provision of the System Supply and Installation Services, and our Group has the capacity to provide sufficient System Supply and Installation Services to meet the demand from Mr. Li's Companies.

It is expected that our Group will continue to provide the System Supply and Installation Services to Mr. Li's Companies for the three financial years ending 31 December 2024, 2025, and 2026 respectively, and therefore, it is in our Company's best interest to enter into the 2024 Master Supply and Installation Agreement.

(6) 2024 MASTER COMMERCIAL PROPERTIES LEASE AGREEMENT

On 2 February 2024, our Company and Mr. Li Wa agreed upon the terms and conditions of the 2024 Master Commercial Properties Lease Agreement, pursuant to which our Group will lease from associates of Mr. Li's Companies (i) Car Parking Lots; and (ii) the Public Area in the Commercial Properties held by Mr. Li's Companies and managed by our Group for commercial use, including but not limited to advertisement and provision of car wash services. Our Company and Mr. Li Wa had previously entered into an agreement on substantially the same terms as the 2024 Master Commercial Properties Lease Agreement for a term from 19 October 2020 to 31 December 2022 (both dates inclusive), as supplemented by the supplemental agreement between the same parties entered into on 22 July 2022 (collectively, the "Previous Master Commercial Properties Lease Agreement"). For details, please refer to the announcement of our Company dated 22 July 2022 and the 2022 Annual Report.

Principal terms

The principal terms of the 2024 Master Commercial Properties Lease Agreement are as follows:

Date: 2 February 2024

Parties: (a) our Company; and

(b) Mr. Li Wa

Term: The term of the 2024 Master Commercial Properties Lease Agreement shall commence from 1 January 2024 up to 31 December 2026 (both dates inclusive). Subject to compliance with the Listing Rules, the 2024 Master Commercial Properties Lease Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the three financial years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2023 respectively, the total amount of fees paid and/or payable by our Group under the Previous Master Commercial Properties Lease Agreement are set out as below:

	(Audited)			(Unaudited)
	Year ended 31 December			Nine months ended
	2020	2021	2022	30 September 2023
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Total fees paid/payable	34,000	55,577	78,917	49,149

Proposed annual caps

The proposed annual caps for the transactions contemplated under the 2024 Master Commercial Properties Lease Agreement for each of the three years ending 31 December 2024, 2025, and 2026 are set forth below, which were determined with reference to the following major factors:

- (i) the historical transaction amounts under the Previous Master Commercial Properties Lease Agreement;
- (ii) the utilization rate for the years ended 31 December 2021, 2022 and the nine months ended 30 September 2023 under the Previous Master Commercial Properties Lease Agreement being 91.24%, 71.74% and 40.96%, respectively;
- (iii) the estimated fees and rental payment payable to Mr. Li's Companies under the lease agreements entered into between our Company and Mr. Li's Companies pursuant to the 2024 Master Commercial Properties Lease Agreement.

	Proposed annual caps		
	Year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Total fees payable by our Group under the 2024 Master Commercial Properties Lease Agreement	81,000	81,000	81,000

Pricing policy

The rent to be paid by our Group under the 2024 Master Commercial Properties Lease Agreement shall be determined on arm's length basis with reference to, among others, (i) the government-guided rent for the car parking lots in the residential properties promulgated by the relevant local regulatory authorities; (ii) the prevailing market rent of the commercial properties in similar locations in the PRC; (iii) the occupancy rate of the Car Parking Lots leased by our Group from Mr. Li's Companies; and (iv) the number of the Car Parking Lots in the residential communities and commercial properties and the GFA of the Public Area our Group managed.

Reasons and benefits for entering into the 2024 Master Commercial Properties Lease Agreement

Given that (i) the Car Parking Lots were situated within the car parking areas of the residential communities and commercial properties managed by our Group and the residents and tenants were accustomed to approaching our Group for their leasing needs for car parking lots as our Group was managing the car parking areas and had access to the landlords; (ii) our Group has been providing services to Mr. Li's Companies in relation to the lease of the Car Parking Lots due to our Group's sufficient resources and expertise in this regard; and (iii) the lease of the Public Area would improve the utilization of the idle area on the properties owned and used by Mr. Li's Companies and managed by our Group. Our Group could better serve the tenants in such properties and diversify our revenue streams by continuing to lease and utilise the Commercial Properties from Mr. Li's Companies.

It is expected that our Group will continue to lease the Commercial Properties from Mr. Li's Companies for the three financial years ending 31 December 2024, 2025, and 2026 respectively. Therefore, it is in our Company's best interest to enter into the 2024 Master Commercial Properties Lease Agreement.

(7) 2024 MASTER CONSTRUCTION MATERIAL TRADING AGREEMENT

On 2 February 2024, our Company and Mr. Li Wa agreed upon the terms and conditions of the 2024 Master Construction Material Trading Agreement, pursuant to which our Group has agreed to provide assistance to the supply of Construction Materials. Our Company and Mr. Li Wa had previously entered into an agreement on substantially the same terms as the 2024 Master Construction Material Trading Agreement for a term from 12 November 2021 to 31 December 2022 (both dates inclusive), as supplemented by the supplemental agreement between the same parties entered into on 22 July 2022 (collectively, the "**Previous Master Construction Material Trading Agreement**"). For details, please refer to the announcement of our Company dated 22 July 2022, the circular of our Company dated 8 November 2022 and the 2022 Annual Report.

Principal terms

The principal terms of the 2024 Master Construction Material Trading Agreement are as follows:

Date: 2 February 2024

Parties: (a) our Company; and

(b) Mr. Li Wa

Term: The 2024 Master Construction Material Trading Agreement will commence from 1 January 2024 up to 31 December 2026 (both dates inclusive). Subject to compliance with the Listing Rules, the 2024 Master Construction Material Trading Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

For the three financial years ended 31 December 2020, 2021, 2022 and the nine months ended 30 September 2023 respectively, the total amount of fees received and/or receivable by our Group under the Previous Master Construction Material Trading Agreement are set out as below:

	(Audited)			(Unaudited)
	Year ended 31 December			Nine months ended
	2020	2021	2022	30 September
	(RMB'000)	(RMB'000)	(RMB'000)	2023
				(RMB'000)
Total fees received/receivable	–	96,323	126,808	18,057

Proposed annual caps

The proposed annual caps for the transactions contemplated under the 2024 Master Construction Material Trading Agreement for each of the three years ending 31 December 2024, 2025, and 2026 are set forth below, which were determined with reference to the following major factors:

- (i) the historical transaction amounts under the Previous Master Construction Material Trading Agreement, with greater emphasis placed on the transaction amounts in the nine months ended 30 September 2023 because, commencing in 2023, our Group no longer took legal ownership in the Construction Materials before shipping the same onwards and only received a commission thereto;
- (ii) the utilization rate for the years ended 31 December 2021, 2022 and the nine months ended 30 September 2023 under the Previous Master Construction Material Trading Agreement being 83.76%, 28.31% and 2.46%, respectively;
- (iii) the total of the number of existing contracts and the number of estimated contracts to be entered into in each of the three financial years ending 31 December 2024, 2025, and 2026, which is expected to range from approximately 220 to 240 contracts. For reference, our Group expects to have approximately 233 existing contracts as at 31 December 2023;
- (iv) the expected residual contract value of existing projects as at 31 December 2023 and the estimated total contract value of new projects for each of the years ending 31 December 2024, 2025 and 2026;
- (v) the potential increase in the unit price of the Construction Material due to the prevailing market conditions;
- (vi) the potential increase in the operation costs in the provision of Construction Materials, including but not limited to logistics costs and labor costs;

- (vii) a reasonable buffer of approximately 5.0% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

	Proposed annual caps		
	Year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Fees receivable by our Group under the 2024 Master Construction Material Trading Agreement	25,000	27,000	33,000

Pricing Policy

The selling price of the Construction Materials supplied by our Group shall be determined after arm's length negotiations with reference to the following factors:

- (i) the anticipated operation costs (including but not limited to costs of materials, logistics costs and labor costs); and
- (ii) the selling price determined by the Independent Third Parties for providing the comparable construction materials.

The details of the payment mechanism for the payments due to our Group shall be agreed by the relevant parties under separate agreements with reference to the normal commercial terms comparable to those for provision of comparable construction materials by Independent Third Parties to Mr. Li's Companies.

Reasons and benefits for entering into the 2024 Master Construction Material Trading Agreement

Considering (i) the number of existing properties owned, used, developed or being developed by Mr. Li's Companies; (ii) the estimated increase in the number of property projects to be developed by Mr. Li's Companies; and (iii) the increasing demand for well-decorated apartments from end customers of Mr. Li's Companies, it is expected that there will be an increase in the purchase demand for the Construction Materials by Mr. Li's Companies.

The Board believes that Mr. Li's Companies purchase the Construction Materials from our Group at a mark-up instead of purchasing the Construction Materials from Independent Third Parties because: (a) our Group has developed long-term business relationships with the suppliers of Construction Materials and thus our Group could help Mr. Li's Companies to reduce time costs and labor costs in finding reputable suppliers and negotiating with various suppliers for the Construction Materials; (b) our Group will conduct quality checks on the Construction Materials to ensure such Construction Materials are of satisfactory quality before delivering them to the respective property construction sites of Mr. Li's Companies and also provide after-sales services to follow up on unsatisfactory Construction Materials; (c) our Group will deliver the Construction Materials to the respective property construction sites of Mr. Li's Companies; (d) our Group has always been a reliable supplier in providing Construction Materials of satisfactory quality since the commencement of the Master Construction Material Trading Agreement in November 2021; and (e) we have established a stable and trusted business relationship with Mr. Li's Companies by providing management services for the properties developed by Excellence Real Estate (one of Mr. Li's Companies) since 2000.

It is expected that our Group will continue to supply the Construction Materials to Mr. Li's Companies for the three financial years ending 31 December 2024, 2025, and 2026 respectively, and therefore, it is in our Company's best interest to enter into the 2024 Master Construction Material Trading Agreement.

(8) 2024 MASTER INTELLIGENT COMMUNITY SERVICES AGREEMENT

On 2 February 2024, our Company and Mr. Li Wa agreed upon the terms and conditions of the 2024 Master Intelligent Community Services Agreement, pursuant to which our Group has agreed to provide assistance to the supply of Intelligent Community Services and Intelligent Community Software Development Services. Our Company and Mr. Li Wa had previously entered into an agreement on substantially the same terms as the 2024 Master Intelligent Community Services Agreement for a term from 12 November 2021 to 31 December 2022 (both dates inclusive), as supplemented by the supplemental agreement between the same parties entered into on 22 July 2022 (collectively, the "**Previous Master Intelligent Community Services Agreement**"). For details, please refer to the announcement of our Company dated 22 July 2022 and the 2022 Annual Report.

Principal terms

The principal terms of the 2024 Master Intelligent Community Services Agreement are as follows:

Date:	2 February 2024
Parties:	(a) our Company; and (b) Mr. Li Wa
Term:	The term of the 2024 Master Intelligent Community Services Agreement shall commence from 1 January 2024 up to 31 December 2026 (both dates inclusive). Subject to compliance with the Listing Rules, the 2024 Master Intelligent Community Services Agreement may be renewed by our Company and Mr. Li Wa by agreement in writing.

Historical transaction amounts

Our Group had not provided any assistance to the supply of Intelligent Community Services and Intelligent Community Software Development Services to Mr. Li Wa for the three financial years ended 31 December 2020, 2021, and 2022. The total amount of service fees received and/or receivable by our Group under the Previous Master Intelligent Community Services Agreement for the nine months ended 30 September 2023 are set out as below:

	(Audited)			(Unaudited)
	Year ended 31 December			Nine months ended
	2020	2021	2022	30 September 2023
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Total service fees received/receivable	–	–	–	22,183

Proposed annual caps

The proposed annual caps for the transactions contemplated under the 2024 Master Intelligent Community Services Agreement for each of the three years ending 31 December 2024, 2025, and 2026 are set forth below, which were determined with reference to the following major factors:

- (i) the estimated residual contract value of existing projects as at 31 December 2023 and the total contract value of new projects for each of the three years ending 31 December 2024, 2025 and 2026;
- (ii) the utilization rate for the nine months ended 30 September 2023 under the Master Intelligent Community Services Agreement being 13.86%;

- (iii) the historical transaction amounts under the Previous Master Intelligent Community Services Agreement;
- (iv) the estimated average duration of the service period of the expected projects based on the duration of the existing projects, which is expected to be approximately three years;
- (v) the expected unit price for such Intelligent Community Services considering the prevailing market rate;
- (vi) a reasonable buffer of approximately 5.0% to cater for (a) the unexpected business growth; (b) the estimated inflation rate in the PRC; and (c) on the general assumption that there will not be any change or disruption in the market conditions, operation and business environment or government policies which may materially and adversely affect the businesses of our Group or Mr. Li's Companies during the transaction period.

	Proposed annual caps		
	Year ending 31 December		
	2024	2025	2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Total service fees receivable by our Group under the 2024 Master Intelligent Community Services Agreement	42,000	53,000	56,000

Pricing policy

The service fees that our Group will charge for the Intelligent Community Services will be determined after arm's length negotiation with reference to (i) the GFA, location and positioning of the properties; (ii) the anticipated operation costs (including but not limited to labor costs and costs of materials); and (iii) the service fees charged by the Independent Third Parties for providing comparable services.

The details of the payment mechanism for the fees and payments due to our Group shall be agreed by the relevant parties under separate agreements with reference to the normal commercial terms comparable to those for provision of comparable services by Independent Third Parties to Mr. Li's Companies.

Reasons and benefits for entering into the 2024 Master Intelligent Community Services Agreement

The 2024 Master Intelligent Community Services Agreement would (i) enable our Group to continue to capture the opportunities and benefits from the latest property market trend with increasing adoption of more advanced technological solutions, the demand for which can be satisfied by our Group; (ii) further improve the service quality to meet the customers' demands by applying more advanced technological solutions and enhancing the use of information technology in the Property Management Services; (iii) further strengthen the use of more advanced information technology in the Property Management Services; and (iv) increase our Group's income from value-added services, which will thereby increase the total revenue, improve the profitability of our Group and is in line with our Group's strategic development.

It is expected that our Group will continue to provide the Intelligent Community Services to Mr. Li's Companies for the three financial years ending 31 December 2024, 2025, and 2026, and therefore, it is in our Company's best interest to enter into the 2024 Master Intelligent Community Services Agreement.

THE VIEW OF THE BOARD

In light of the above, the Directors (including independent non-executive Directors) consider that the terms of each of the 2024 Master Commercial Properties Lease Agreement, the 2024 Decoration and Maintenance Services Framework Agreement, the 2024 Property Agency Services Framework Agreement, the 2024 Master Construction Material Trading Agreement, the 2024 Master Intelligent Community Services Agreement and the transactions contemplated thereunder are fair and reasonable, and the transactions contemplated under such agreements are conducted on normal commercial terms or better and in the ordinary and usual course of business of our Company, and in the interest of our Company and the Shareholders as a whole.

In light of the above, the Directors (excluding independent non-executive Directors, who will provide their view in the circular after considering the letter from the Independent Financial Adviser) consider that the terms of the 2024 Master Parking Spaces' Use Right Purchase Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Supply and Installation Agreement and the transactions contemplated thereunder are fair and reasonable and the transactions contemplated under such agreements are conducted on normal commercial terms or better and in the ordinary and usual course of business of our Company, and in the interest of our Company and the Shareholders as a whole.

INTERNAL CONTROL

In order to further safeguard the interests of the Shareholders as a whole, our Group has implemented the following internal control measures in relation to the continuing connected transactions under the New Agreements:

- (i) the general manager of the business department and finance department will closely monitor the transactions and notify the management of our Company if the aggregate transaction amount is close to 85% of the annual caps, to ensure that the transaction amount does not exceed the annual cap of each of the New Agreements. When the aggregate transaction amount attains or exceeds 85% of the annual caps, the finance department will immediately notify the relevant departments and subsidiaries of our Group of the remaining transaction amount under their respective annual caps. After receiving notification from the finance department, the relevant departments and subsidiaries of our Group will report to the finance department of the continuing connected transactions that are expected to occur in the remaining period of the relevant financial year and their respective estimated transaction amounts on a real-time basis starting from the date of receiving such notification until the last day of the applicable financial year to ensure that the transaction amount of the continuing connected transactions will not exceed the annual cap of each of the New Agreements within the applicable financial year. If the annual cap of any of the New Agreements within the applicable financial year is expected to be exceeded, our finance department will immediately notify the management of our Company and the Board, which will immediately proceed to making the application for increasing the relevant annual cap and our Company will re-comply with the applicable listing rule requirements accordingly;
- (ii) the implementation of specific contracts shall be subject to the appropriate approval of the general manager of the business department, finance department, risk control department and management of our Group to ensure that the contracts are in line with the pricing policy and principal terms of each of the New Agreements;
- (iii) the general manager of the business department of our Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (iv) our Company's external auditors will review the continuing connected transactions under each of the New Agreements annually to confirm, among other things, whether the pricing policies have been adhered to and whether each of the proposed annual caps have been complied with;
- (v) the independent non-executive Directors will continue to review the continuing connected transactions under each of the New Agreements annually to confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of our Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by our Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies; and

- (vi) the risk management department of our Group will review the internal control procedures adopted by our Company annually to confirm that they are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the New Agreements and the pricing policies, and their respective annual caps have been complied with.

INFORMATION OF THE PARTIES

Our Company

Our 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. Our Company is an investment holding company and our subsidiaries are principally engaged in the provision of property management services and related value-added services in the PRC.

Our Group

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

Mr. Li Wa

Mr. Li Wa is the founder of Excellence Real Estate and had over 25 years of experience in real estate investment, property development and corporate management. He is a controlling shareholder of our Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Li Wa is a controlling shareholder of our Company and is therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions contemplated under the New Agreements will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed highest annual cap during the term of each of the 2024 Master Parking Spaces' Use Right Purchase Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Supply and Installation Agreement exceed 5%, according to Chapter 14A of the Listing Rules, the transactions contemplated thereunder will be subject to, among others, the reporting, annual review, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among others, (i) further details of the 2024 Master Parking Spaces' Use Right Purchase Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Supply and Installation 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 dispatched by our Company to the Shareholders in due course. As additional time is required to finalise certain information contained in the circular, our Company expects to dispatch the circular on or around 1 March 2024.

As the applicable percentage ratios in respect of the proposed highest annual cap under each of the 2024 Master Commercial Properties Lease Agreement, the 2024 Decoration and Maintenance Services Framework Agreement, the 2024 Property Agency Services Framework Agreement, the 2024 Master Construction Material Trading Agreement and the 2024 Master Intelligent Community Services Agreement are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As 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 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 New Agreements 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.

DEFINITIONS

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

“2022 Annual Report”	The annual report of our Company for the year ended 31 December 2022
“2024 Decoration and Maintenance Services Framework Agreement”	the 2024 Decoration and Maintenance Services Framework Agreement dated 2 February 2024 entered into between our Company and Mr. Li Wa
“2024 Master Commercial Properties Lease Agreement”	the 2024 Master Commercial Properties Lease Agreement dated 2 February 2024 entered into between our Company and Mr. Li Wa

“2024 Master Construction Material Trading Agreement”	the 2024 Master Construction Material Trading Agreement dated 2 February 2024 entered into between our Company and Mr. Li Wa
“2024 Master Intelligent Community Services Agreement”	the 2024 Master Intelligent Community Services Agreement dated 2 February 2024 entered into between our Company and Mr. Li Wa
“2024 Master Parking Spaces’ Use Right Purchase Agreement”	the 2024 Master Parking Spaces’ Use Right Purchase Agreement dated 2 February 2024 entered into between our Company and Mr. Li Wa
“2024 Master Property Management Services Agreement”	the 2024 Master Property Management Services Agreement dated 2 February 2024 entered into between our Company and Mr. Li Wa
“2024 Master Supply and Installation Agreement”	the 2024 Master Supply and Installation Agreement dated 2 February 2024 entered into between our Company and Mr. Li Wa
“2024 Property Agency Services Framework Agreement”	the 2024 Property Agency Services Framework Agreement dated 2 February 2024 entered into between our Company and Mr. Li Wa
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Car Parking Lots”	certain car parking lots situated in the residential and commercial properties managed by our Company for subleasing to residents and tenants in those residential and commercial properties, pursuant to the 2024 Master Commercial Properties Lease Agreement
“Commercial Properties”	Car Parking Lots and the Public Area
“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 ascribed to it under the Listing Rules

“Construction Materials”	construction materials including wires and cables, distribution boxes, ceramic tiles, wooden floors, lighting systems, kitchen appliances, sanitary ware, integrated ceilings, heaters and water heaters
“controlling shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Decoration and Maintenance Services”	means the decoration and maintenance services to be provided by our Group under the 2024 Decoration and Maintenance Services Framework Agreement, the service scope of which includes, but is not limited to, providing interior decoration and design services, foundation and basic engineering contracting services, professional fire protection facilities engineering contracting services, design and construction services relating to environmentally-friendly engineering projects, and pre-delivery decoration and cleaning services
“Director(s)”	the director(s) of our 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 proposed annual caps of the 2024 Master Parking Spaces’ Use Right Purchase Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Supply and Installation Agreement
“Excellence Group”	Excellence Real Estate and its subsidiaries
“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)
“GFA”	gross floor area
“Group”	our 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 proposed annual caps of the 2024 Master Parking Spaces’ Use Right Purchase Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Supply and Installation Agreement

“Independent Financial Adviser”	the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the proposed annual caps of the 2024 Master Parking Spaces’ Use Right Purchase Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Supply and Installation Agreement
“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 2024 Master Parking Spaces’ Use Right Purchase Agreement, the 2024 Master Property Management Services Agreement and the 2024 Master Supply and Installation Agreement and other related matters
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company
“Intelligent Community Services”	Property Projects Services, Intelligent Community Software Development Services and On-site Equipment Installation
“Intelligent Community Software Development Services”	services of intelligent community software development and testing, production environment software and hardware debugging, property project on-site software and hardware debugging
“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 our Company
“Mr. Li’s Companies”	companies which are associates (as defined under the Listing Rules) of Mr. Li Wa
“New Agreements”	the 2024 Master Parking Spaces’ Use Right Purchase Agreement, the 2024 Decoration and Maintenance Services Framework Agreement, the 2024 Property Agency Services Framework Agreement, the 2024 Master Property Management Services Agreement, the 2024 Master Supply and Installation Agreement, the 2024 Master Commercial Properties Lease Agreement, the 2024 Master Construction Material Trading Agreement, and the 2024 Master Intelligent Community Services Agreement

“On-site Equipment Installation”	services of on-site electronic equipment installation, joint testing and handover of property project management personnel for property projects
“Parking Spaces”	the parking spaces located at the properties owned, used, developed or being developed by Mr. Li’s Companies in the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Previous Decoration and Maintenance Services Framework Agreement”	the Decoration and Maintenance Services Framework Agreement entered into between our Company and Mr. Li Wa on 22 July 2022
“Previous Master Commercial Properties Lease Agreement”	the Master Commercial Properties Lease Agreement entered into between our Company and Mr. Li Wa on 5 October 2020 as supplemented by the supplemental agreement dated 22 July 2022
“Previous Master Construction Material Trading Agreement”	the Master Construction Material Trading Agreement entered into between our Company and Mr. Li Wa on 12 November 2021 as supplemented by the supplemental agreement dated 22 July 2022
“Previous Master Intelligent Community Services Agreement”	the Master Intelligent Community Services Agreement entered into between our Company and Mr. Li Wa on 12 November 2021 as supplemented by the supplemental agreement dated 22 July 2022
“Previous Master Parking Spaces’ Use Right Purchase Agreement”	the Master Parking Spaces’ Use Right Purchase Agreement entered into between our Company and Mr. Li Wa dated 22 July 2022
“Previous Master Property Management Services Agreement”	the Master Property Management Services Agreement entered into between our Company and Mr. Li Wa on 5 October 2020 as supplemented by the supplemental agreement dated 22 July 2022
“Previous Master Supply and Installation Agreement”	the Master Supply and Installation Agreement entered into between our Company and Mr. Li Wa on 5 October 2020 as supplemented by the supplemental agreement dated 22 July 2022

“Previous Property Agency Services Framework Agreement”	the Property Agency Services Framework Agreement entered into between our Company and Mr. Li Wa on 5 October 2020 as supplemented by the supplemental agreement dated 22 July 2022
“Property Agency Services”	the property agency services which our Group agreed to provide, including but not limited to, (i) residential and commercial properties developed or being developed by Mr. Li’s Companies, and (ii) the unleased units in the office buildings, unleased ancillary commercial units in the residential communities and unleased parking spaces owned by Mr. Li’s Companies and managed by our Group
“Property Management Services”	the property management services to be provided by our Group under the 2024 Master Property Management Services Agreement, the service scope of which includes, but is not limited to, (i) pre-delivery services including (a) the on-site security, cleaning, and display units and on-site sales office management services; (b) preliminary planning and design consultancy services; (c) house inspection; and (d) pre-delivery cleaning services; and (ii) the property management services for the unsold residential property units and commercial properties owned and used by Mr. Li’s Companies
“Property Projects Services”	intelligent community technical blueprints for property projects (including but not limited to parking lot management, closed-circuit monitoring management, access control systems, intelligent home, video intercom, security patrols and access gate management)
“Public Area(s)”	certain public areas in the commercial properties held by Mr. Li’s Companies and managed by our Company for commercial use, including but not limited to advertisement and provision of car wash services, pursuant to the 2024 Master Commercial Properties Lease Agreement
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares in our Company from time to time
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“System Supply and Installation Services” the system supply and installation services which our Group agreed to provide, which includes to provide assistance to the supply of the Systems and related installation services to Mr. Li’s Companies

“Systems” the (a) ventilation, air conditioning and fresh air engineering system; (b) heating and hot water engineering system; (c) light current engineering system, including but not limited to, the parking lot gates, the access gates and video surveillance cameras; (d) water supply and drainage engineering system and heavy current engineering system; and (e) electrical system

“%” per cent.

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

Hong Kong, 2 February 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 Mr. Huang Mingxiang, Mr. Kam Chi Sing and Ms. Liu Xiaolan.