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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)**

**CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING**

References are made to the prospectus of Excellence Commercial Property & Facilities Management Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 7 October 2020 (the “**Prospectus**”) in relation to the Global Offering, the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report 2020**”) published on 22 April 2021, the interim report of the Company for the six months ended 30 June 2021 (the “**Interim Report 2021**”) published on 29 September 2021, the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report 2021**”) published on 25 April 2022, the supplemental announcement in relation to the Annual Report 2021 (the “**Supplemental Announcement**”) published on 15 August 2022, and the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report 2022**”, together with the Annual Report 2020, the Interim Report 2021, the Annual Report 2021 and the Supplemental Announcement, the “**Financial Reports**”) published on 27 September 2022. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Prospectus and the Financial Reports.

**PLANNED USE OF PROCEEDS**

The actual net proceeds raised from the Global Offering, after the partial exercise of the over-allotment options and deducting underwriting fees and related expenses, were approximately HK\$3,359.5 million (the “**Actual Net Proceeds**”).

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and the Interim Report 2022, the Company intended to use the Actual Net Proceeds raised from the Global Offering as follows:

Major Categories	% of the Actual Net Proceeds	Amount of Actual Net Proceeds <i>HK\$ million</i>	Subcategories	Specific Plans	% of the Actual Net Proceeds
Business expansion	70.0%	2,351.7	Strategic acquisitions and investments	The Company plans to strategically acquire or invest in majority interests in property management companies with sizeable operations in the Group’s target cities or holding landmark projects in first-tier and new first-tier cities	60.0%
				The Company plans to acquire or invest in majority interests in third party service providers to provide specialized value-added services, such as mechanical and electrical services, indoor air treatment services and services to intelligence buildings when opportunities arise	10.0%
Development of information technology system	10.0%	134.3	Develop FM smart management information platform	The Company plans to increase the coverage of the FM smart management information platform which covered about 80 out of over 300 projects the Group managed as at 30 June 2020, to cover all the projects under the Group’s management in satisfactory conditions within the next two to three years through (i) expanding the Group’s hardware infrastructures to the uncovered projects; (ii) continuing to develop and upgrade the Group’s software system of the FM smart management information platform; and (iii) strengthening internal training on the operation of FM smart management information platform	4.0%
				The Company plans to use IoT technologies to connect all the facilities under the Group’s management to the Group’s FM smart management information platform	
				See “Business – Competitive Strengths – Technology-backed Services to Enhance Customer Experience and Management Efficiency” in the Prospectus for details on the functions of the Group’s FM smart management information platform	

Major Categories	% of the Actual Net Proceeds	Amount of Actual Net Proceeds HK\$ million	Subcategories	Specific Plans	% of the Actual Net Proceeds
		134.3	Develop “O+” platform	The Company will (i) continue to upgrade the “O+” platform; (ii) secure quality supplies to enrich the offerings on the “O+” platform; and (iii) organize events for and provide benefits to customers to increase their loyalty	4.0%
		67.2	Upgrade the Group’s information technology infrastructure to enhance internal control and management efficiency	The Company plans to upgrade the Group’s business management systems, including human resource system, finance system and business process management system, and develop business intelligence tools, to enhance the Group’s internal control and management efficiency	2.0%
Facility upgrades for the properties under the Group’s management	5.0%	168.0	Upgrade facilities for development of intelligent communities to enhance the Group’s operational efficiency and customers’ satisfaction level	The Company plans to upgrade the facilities in some old residential properties under the Group’s management to develop intelligent communities	5.0%
Attracting and nurturing talent	5.0%	168.0	–	The Company plans to: <ul style="list-style-type: none"> <li>– provide trainings to the Group’s employees at key positions and identify and train up future team leaders</li> <li>– recruit key personnel strategically to support the Group’s business growth</li> </ul>	5.0%
General corporate purposes	10.0%	336.0	Working capital and general corporate purposes	–	10.0%
				Total	<u>100.0%</u>

## CHANGE IN USE OF PROCEEDS

As at 30 November 2022, the unutilised Actual Net Proceeds amounted to approximately HK\$2,408.9 million (the “**Unutilised Net Proceeds**”). For the reasons set out in the paragraph headed “Reasons for and benefits of the change in use of proceeds” in this announcement, the board of directors (the “**Directors**”) of the Company (the “**Board**”) has resolved to change the use of the Unutilised Net Proceeds as follows:

Major Categories	Proposed change in use of Actual Net Proceeds (Specific Plans)	Planned use of Actual Net Proceeds as set out in the Interim Report 2022 <i>HK\$ million</i>	Utilised amount as at 30 November 2022 <i>HK\$ million</i>	Unutilised Net Proceeds as at 30 November 2022 <i>HK\$ million</i>	Revised allocation of Unutilised Net Proceeds <i>HK\$ million</i>	Estimated timeline for utilisation of the Unutilised Net Proceeds After re-allocation
Business expansion	Strategic acquisition or investment in interests in companies with operational scale or profitability prospects	2,015.8				
	Acquisition or investment in the interests of third party service providers to provide specific value-added services or to expand the Group’s range of services, as opportunities arise	335.9	382.9	1,968.8	1,470.9	By the end of 31 December 2026
	Acquisition or investment in high quality assets with earnings prospects, as opportunities arise, to enhance the Group’s profitability	–				
	Sub-total	2,351.7	382.9	1,968.8	1,470.9	

Major Categories	Proposed change in use of Actual Net Proceeds (Specific Plans)	Planned use of Actual Net Proceeds as set out in the Interim Report 2022 <i>HK\$ million</i>	Utilised amount as at 30 November 2022 <i>HK\$ million</i>	Unutilised Net Proceeds as at 30 November 2022 <i>HK\$ million</i>	Revised allocation of Unutilised Net Proceeds <i>HK\$ million</i>	Estimated timeline for utilisation of the Unutilised Net Proceeds After re-allocation
Development of information technology system	Development and optimisation of intelligent management information platforms, and provision of other related support for the development and optimisation of intelligent management information platforms; empowering services with technology to enhance customer experience and management efficiency	134.3				
	Development and optimisation of the “O+” platform, and provision of other related support for the development and optimisation of the “O+” platform. Realisation of basic property services (property charges, car park charges, service work orders, notices) and value-added services (mall, takeaway, etc.) online	134.3	18.9	316.9	72.3	By the end of 31 December 2026
	Upgrade or add new business management-related systems to enhance internal controls and improve management efficiency (e.g., improve automation, reduce error rates, and provide timely analysis and effective management of operations); provision of resources to support the upgrade of IT systems	67.2				
	Sub-total	335.8	18.9	316.9	72.3	

Major Categories	Proposed change in use of Actual Net Proceeds (Specific Plans)	Planned use of Actual Net Proceeds as set out in the Interim Report 2022 <i>HK\$ million</i>	Utilised amount as at 30 November 2022 <i>HK\$ million</i>	Unutilised Net Proceeds as at 30 November 2022 <i>HK\$ million</i>	Revised allocation of Unutilised Net Proceeds <i>HK\$ million</i>	Estimated timeline for utilisation of the Unutilised Net Proceeds After re-allocation
Facility upgrades for the properties under the Group's management	Upgrade the facilities in some old residential properties under the Group's management to develop intelligent communities	168.0	82.9	85.1	48.2	By the end of 31 December 2026
Attracting and nurturing talent	Strategic recruitment and development of professional talent in order to provide high quality services to the Group's clients and to be fully responsive to their needs, thereby increasing customer satisfaction. The Company will also: (i) provide specialised training for staff in key positions and identify and develop future team leaders; (ii) strategically recruit key personnel (at supervisory level and above) to support business growth; (iii) recruit new generations of staff to complete the strategic talent pool and provide professional functional training to new generation staff and (iv) other expenses to provide talent support to the Group	168.0	129.9	38.1	481.8	By the end of 31 December 2026
General corporate purposes	Working capital and general corporate purposes	336.0	336.0	–	335.8	By the end of 31 December 2026
<b>Total</b>		<u>3,359.5</u>	<u>950.6</u>	<u>2,408.9</u>	<u>2,408.9</u>	

## **REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS**

### ***Change in allocation of Unutilised Net Proceeds to business expansion category***

Pursuant to the original use of the Unutilised Net Proceeds as disclosed above and in the Interim Report 2022, as at 30 June 2022, approximately HK\$1,982.0 million of the Unutilised Net Proceeds was allocated to business expansion category, in which approximately HK\$1,646.1 million of the Unutilised Net Proceeds was allocated to “strategically acquire or invest in majority interests in property management companies with sizeable operations in the Group’s target cities or holding landmark projects in first-tier and new first-tier cities” and approximately HK\$335.9 million of the Unutilised Net Proceeds was allocated to “acquire or invest in majority interests in third party service providers to provide specialized value-added services, such as mechanical and electrical services, indoor air treatment services and services to intelligence buildings when opportunities arise”.

Due to the downturn of the PRC real estate market in recent years and considerable uncertainties in the PRC market in the post-pandemic era, the Company has decided to adopt a more prudent policy in strategic expansion and therefore has decided to utilize the amount of Unutilised Net Proceeds assigned to strategic acquisitions and investments by the end of 31 December 2026. Further, in order to maintain the Group’s agility in responding to the current changes in the industry and focus on capturing suitable investment opportunities to expand the Group’s business, the Company decided to revise the use of the Unutilised Net Proceeds so as to allocate approximately 61.1% of the Unutilised Net Proceeds, which amounts to approximately HK\$1,470.9 million, to (i) “strategically acquire or invest in interests in companies with operational scale or profitability prospects”, (ii) “acquire or invest in the interests of third party service providers to provide specific value-added services or to expand the Group’s range of services, as opportunities arise”, and (iii) “enhance the Group’s profitability by acquiring or investing in high quality assets with earnings prospects, as opportunities arise”. The Company will continue to actively identify suitable investment and acquisition targets. If the Company enters into any agreement or arrangement on relevant investments or acquisitions, the Company will comply with the applicable requirements under the Listing Rules and make further announcement(s) as appropriate.

### ***Change in allocation of Unutilised Net Proceeds for development of information technology system***

Pursuant to the original use of the Unutilised Net Proceeds as disclosed above and in the Interim Report 2022, as at 30 June 2022, approximately HK\$326.5 million of the Unutilised Net Proceeds was allocated to development of information technology system, in which approximately HK\$132.6 million was allocated to “increase the coverage of the FM smart management information platform which covered about 80 out of over 300 projects the Group managed as at 30 June 2020, to cover all the projects under the Group’s management in satisfactory conditions within the next two to three years through (i) expanding the Group’s hardware infrastructures to the uncovered projects; (ii) continuing to develop and upgrade the Group’s software system of the FM smart management information platform; and (iii) strengthening internal training on the operation of FM smart management information

platform” and “use IoT technologies to connect all the facilities under the Group’s management to the Group’s FM smart management information platform”; approximately HK\$134.3 million was allocated to “(i) Continue to upgrade the “O+” platform; (ii) secure quality supplies to enrich the offerings on the “O+” platform; and (iii) organize events for and provide benefits to customers to increase their loyalty”; and approximately HK\$59.6 million was allocated to “upgrade the Group’s business management systems, including human resource system, finance system and business process management system, and develop business intelligence tools, to enhance the Group’s internal control and management efficiency”.

Taking into consideration that the development of information technology system requires phased investment and several systems are still currently in early stages of development, in order to better utilise the Unutilised Net Proceeds as a whole, the Company decided to revise the use of the Unutilised Net Proceeds so as to allocate approximately 3.0% of the Unutilised Net Proceeds, which amounts to approximately HK\$72.3 million, to “develop and optimise intelligent management information platforms, and provide other related support for the development and optimisation of intelligent management information platforms, and enhance services with technology to enhance customer experience and management efficiency”, “develop and optimise the “O+” platform, provide other related support for the development and optimisation of the “O+” platform and realise basic property services (property charges, car park charges, service work orders, notices) and value-added services (mall, takeaway, etc.) online” and “upgrade or add new business management-related systems to enhance internal controls and improve management efficiency (e.g., improve automation, reduce error rates, and provide timely analysis and effective management of operations); provision of resources to support the upgrade of IT systems”.

#### ***Change in allocation of Unutilised Net Proceeds for facility upgrades for the properties under the Group’s management***

Pursuant to the original use of the Unutilised Net Proceeds as disclosed above and in the Interim Report 2022, as at 30 June 2022, approximately HK\$153.5 million of the Unutilised Net Proceeds was allocated to facility upgrades for the properties under the Group’s management, namely to “upgrade the facilities in some old residential properties under the Group’s management to develop intelligent communities”.

Taking into consideration that the upgrading of the facilities in old residential properties and the development of intelligent communities take time as they need to be carried out in phases and in conjunction with the development of the information technology system, and to better utilise the Unutilised Net Proceeds as a whole, the Company decided to revise the use of the Unutilised Net Proceeds so as to allocate approximately 2.0% of the Unutilised Net Proceeds, which amounts to approximately HK\$48.2 million, to “upgrade the facilities in some old residential properties under the Group’s management to develop intelligent communities”. Despite the decrease in the amount of Unutilised Net Proceeds allocated to facility upgrades for the properties under the Group’s management, the Group will strive to maintain the quality and stability in providing property management services to its customers.



### ***Change in allocation of Unutilised Net Proceeds for attracting and nurturing talent***

Pursuant to the original use of the Unutilised Net Proceeds as disclosed above and in the Interim Report 2022, as at 30 June 2022, approximately HK\$42.8 million of the Unutilised Net Proceeds was allocated to attracting and nurturing talent.

As disclosed in the Interim Report 2022, talent development comes first among the Group's core capabilities and it is the key to supporting the sustainable development of the Group's business and achieving the Group's strategic goals. The rapid expansion of the Group's business has placed greater demands on the Group's talent development and pool. The Company will select, train and retain key talents based on its future development strategy. We will further strengthen the internal training of our personnel. In addition, we will look for competitive and excellent talents in the external talent markets to (i) empower the Group's organizational and business development, (ii) support the Group's business expansion into new areas, and (iii) facilitate sustainable business development. The Company decided to revise the use of the Unutilised Net Proceeds so as to allocate approximately 20.0% of the Unutilised Net Proceeds, which amounts to approximately HK\$481.8 million to "strategically recruit and develop professional talent in order to provide high quality services to the Group's clients and to be fully responsive to their needs, thereby increasing customer satisfaction" and "(i) provide specialised training for staff in key positions and identify and develop future team leaders; (ii) strategically recruit key personnel (at supervisory level and above) to support business growth; (iii) recruit new generations of staff to complete the strategic talent pool and provide professional functional training to new generation staff and (iv) other expenses to provide talent support to the Group".

### ***Change in allocation of Unutilised Net Proceeds for general corporate purposes***

As disclosed above, all Actual Net Proceeds allocated to general corporate purposes, namely "working capital and general corporate purposes" has been utilized as at the date of this announcement. As the Company is actively pursuing and developing new quality projects in the market, it requires sufficient liquidity to conduct the preliminary investigation and deployment for the new projects. In order to enhance corporate cash flow and the flexibility of financial management of the Company so as to facilitate the growth of the Company's business and operation, the Company decided to revise the use of the Unutilised Net Proceeds so as to allocate approximately 13.4% of the Unutilised Net Proceeds, which amounts to approximately HK\$335.8 million for such working capital and general corporate purposes.

## **The Board's views**

Save for the aforesaid changes, there is no other change in the use of the Unutilised Net Proceeds. The Board is of the view that the aforesaid re-allocation of the Unutilised Net Proceeds will be favourable to the Group's long term business development and will represent a more appropriate utilisation of the Unutilised Net Proceeds in light of the above reasons. The Board will also closely monitor the utilisation of the Unutilised Net Proceeds with the interests of the Company and the shareholders of the Company in mind.

The Board further confirms that there is no material change in the business nature of the Group as set out in the Prospectus and the Financial Reports. The Board considers that the proposed change in use of the Unutilised Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and the shareholders of the Company as a whole.

The Board will continuously assess the plan for the use of the Unutilised Net Proceeds and may revise or amend such plan when necessary to cope with the changing market conditions, and strive for better business performance of the Group.

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

Hong Kong, 29 December 2022

*As at the date of this announcement, the executive Directors are Mr. Li Xiaoping and Ms. Guo Ying; the non-executive Directors are Mr. Wang Dou and Mr. Wang Yinhu; and the independent non-executive Directors are Mr. Huang Mingxiang, Mr. Kam Chi Sing and Ms. Liu Xiaolan.*