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Ever Sunshine Lifestyle Services Group Limited

永升生活服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1995)

(I) COMPLETION OF MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 55% OF THE EQUITY INTEREST IN THE TARGET COMPANY; AND (II) CONTINUING CONNECTED TRANSACTIONS

COMPLETION OF THE ACQUISITION

The Board is pleased to announce that all conditions precedent in relation to the Completion as set out in the Circular were fulfilled and that Completion took place on 20 September 2019.

Upon Completion, the Group is interested in 55% equity interests in the Target Group (18% equity interests directly held by the Company and 37% equity interests indirectly held by the Company through Shanghai Yongsheng) and the Target Group became non-wholly-owned subsidiaries of the Company. The financial results of the Target Group are consolidated into the Group's financial statements.

FRAMEWORK AGREEMENT

Upon Completion, the Target Company entered into the Framework Agreement with Vendor II, Warrantor III and Jiazhao, pursuant to which the Target Company shall agree to provide to the Connected Group the Management Services for a term commencing from the date of the Framework Agreement to 31 December 2021.

LISTING RULES IMPLICATION

As at the date of this announcement, Vendor II and Warrantor III, together with their respective associates directly and indirectly, hold 45% equity interests in the Target Company and Jiazhao is an associate of the ultimate beneficial owner of Vendor II. Accordingly, each of Vendor II, Warrantor III and Jiazhao is a connected person of the Company at subsidiary level under the Listing Rules.

As such, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Framework Agreement are exempt from circular, independent financial advice and shareholders' approval requirements.

Reference is made to (i) the announcement of Ever Sunshine Lifestyle Services Group Limited (the “**Company**”) dated 18 June 2019 (the “**Announcement**”); (ii) the circular of the Company dated 14 August 2019 (the “**Circular**”); and (iii) the poll results announcement of the Company dated 2 September 2019 in relation to the Acquisition. Terms defined in the Circular shall have the same meanings when used herein.

COMPLETION OF THE ACQUISITION

The Board is pleased to announce that all conditions precedent in relation to Completion as set out in the Circular were fulfilled and that Completion took place on 20 September 2019.

Upon Completion, the Group is interested in 55% equity interests in the Target Group (18% equity interests directly held by the Company and 37% equity interests indirectly held by the Company through Shanghai Yongsheng) and the Target Group became non-wholly-owned subsidiaries of the Company. The financial results of the Target Group are consolidated into the Group's financial statements.

CONTINUING CONNECTED TRANSACTIONS

The Framework Agreement

Upon Completion, the Target Company entered into a framework agreement dated 20 September 2019 with Vendor II, Warrantor III and Jiazhao (the “**Framework Agreement**”), pursuant to which the Target Company shall agree to provide to Vendor II, Warrantor III and Jiazhao and their respective associates (the “**Connected Group**”) property management services, including but not limited to (i) property management services for unsold properties, car parking lots and the properties owned by the Connected Group; (ii) on-site security, cleaning, greening, as well as customer services to property sales offices; (iii) preliminary planning and design consultancy services; and (iv) cleaning and house inspection services to the property projects developed by the Connected Group upon completion of construction and before delivery of the same to homeowners and other value-added services (the “**Management Services**”) for a term commencing from the date of the Framework Agreement to 31 December 2021.

Each transaction contemplated under the Framework Agreement is to be negotiated on a case-by-case and arm's length basis with reference to the prevailing market price of similar services offered to independent third parties and the service fees offered by the Group to other independent third parties, and at fees and terms no less favourable to the Group than the fees and terms offered by independent third parties to the Group. The vacancy fees to be charged by the Target Group on unleased gross floor area under management pursuant to the Framework Agreement will be determined with reference to the prevailing market rate either on the basis of (i) fixed monthly vacancy fee or (ii) 50% to 100% of the property management fees to be charged by the Target Group on leased gross floor area under management or (iii) 5% to 15% markup on the costs incurred from management of unleased gross floor area. The Framework Agreement sets out the principles upon which detailed terms (including payment terms) are to be determined by and agreed in separate agreements to be entered into between the Target Company and the Connected Group for the transactions contemplated under the Framework Agreement.

The approximate historical aggregate amounts of the Management Services provided by the Target Group to the Connected Group for each of the three years ended 31 December 2016, 2017 and 2018 and the eight months ended 31 August 2019 are set out below:

| | For the year ended 31 December 2016 RMB | For the year ended 31 December 2017 RMB | For the year ended 31 December 2018 RMB | For the eight months ended 31 August 2019 RMB |
|-----------------------------------|--|--|--|--|
| Aggregate sales amount | 3,321,725 | 1,848,177 | 3,980,003 | 2,234,991 |

The annual caps (the “**Annual Caps**“) for the continuing connected transactions under the Framework Agreement for the four months ending 31 December 2019 and each of the two years ending 31 December 2021 are set out below:

| | Annual Caps | | |
|----------------------------|--|---|---|
| | For the four months ending 31 December 2019 RMB | For the year ending 31 December 2020 RMB | For the year ending 31 December 2021 RMB |
| Framework Agreement | 35,000,000 | 45,000,000 | 40,000,000 |

In determining the Annual Caps, the Directors have considered the following:

- (i) the historical transaction amounts under the previous relevant management service agreement;
- (ii) the expected increase in vacancy fees to be charged by the Target Group on unleased gross floor area under management after the unification of the Target Group's pricing of vacancy fees with reference to the market rate upon Completion; and
- (iii) expected increase of preliminary planning and design consultancy services, cleaning and house inspection services to the property projects as three new high-end commercial management projects have been brought into its management portfolio in 2019.

Reasons and benefits of the transactions

The Target Group has been providing the Connected Group with property management services prior to Completion. The Board believes that the continuance of the provision of the property management services to the Connected Group could allow the Target Group to continue to make use of its existing strength and experience in commercial property management, and get continuous support from the Connected Group. It is expected that the continuous cooperation between the Target Group and the Connected Group could result in satisfactory synergy effect and further promote the business growth of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Vendor II and Warrantor III, together with their respective associates directly and indirectly, hold 45% equity interests in the Target Company and Jiazhao is an associate of the ultimate beneficial owner of Vendor II. Accordingly, each of Vendor II, Warrantor III and Jiazhao is a connected person of the Company at subsidiary level under the Listing Rules.

As such, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) consider that the Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company after arm's length negotiations between the Company and the Connected Group, and the terms of the Framework Agreement are on normal commercial terms or better, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As none of the Directors has a material interest in the Framework Agreement, none of them has abstained from voting on the resolutions proposed at the Board meeting of the Company to approve the Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder.

Pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Framework Agreement are exempt from circular, independent financial advice and shareholders' approval requirements.

GENERAL

The Group is a property management service provider in the PRC and its business covers a wide spectrum of properties, including residential properties and non-residential properties such as office buildings, shopping malls, schools and government buildings, and provides customers with access to quality tailored services.

The Target Company is a company established in the PRC with limited liability and is principally engaged in, inter alia, public car park operation, property management and rental services.

Vendor II is established in the PRC with limited liability and is principally engaged in the business of property development.

Warrantor III is established in the PRC with limited liability and is principally engaged in the business of property development.

Jiazhao is established in the PRC with limited liability and is principally engaged in the business of operation and management of industrial and storage facilities.

By order of the Board
Ever Sunshine Lifestyle Services Group Limited
Lin Zhong
Chairman

Hong Kong, 20 September 2019

As at the date of this announcement, the executive Directors are Mr. LIN Zhong and Mr. ZHOU Hongbin, the non-executive Directors are Mr. LIN Feng and Mr. GE Ming; and the independent non-executive Directors are Mr. MA Yongyi, Mr. WANG Peng and Mr. CHEUNG Wai Chung.

** For translation and identification purposes only*