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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)

CONTINUING CONNECTED TRANSACTION PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

CONTINUING CONNECTED TRANSACTION

Reference is made to the prospectus of the Company dated 4 December 2018 in respect of, among other things, the 2016 CIFI Property Management Services Master Agreement entered into between Shanghai Yongsheng (an indirect wholly-owned subsidiary of the Company) and CIFI (PRC) (an indirect wholly-owned subsidiary of CIFI Holdings) on 30 December 2016 (as amended and supplemented by a supplemental agreement on 22 November 2018) for a term which commenced from 1 January 2017 to 31 December 2019.

As the 2016 CIFI Property Management Services Master Agreement will be expiring on 31 December 2019 and to further optimise and unify the Group's business relationship with CIFI Group, the Company and CIFI Holdings entered into the 2019 CIFI Property Management Services Master Agreement on 11 November 2019 (after trading hours), pursuant to which the Company has agreed to provide, or procure its subsidiaries to provide, property management services to CIFI Group for a period commencing from the Effective Date and ending on 31 December 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei, acting in a consensual manner, are entitled to exercise the voting rights of approximately 62.39% of the issued share capital of the Company through CIFI Holdings and other investment holding companies controlled by them, and together they constitute a group of controlling shareholders of the Company. CIFI Holdings, being one of the controlling shareholders of the Company, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the 2019 CIFI Property Management Services Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profit ratio) as defined under the Listing Rules in respect of the proposed annual caps for the 2019 CIFI Property Management Services Master Agreement, on an annual basis, is expected to be more than 5%, the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

BACKGROUND

Reference is made to the prospectus of the Company dated 4 December 2018 in respect of, among other things, the 2016 CIFI Property Management Services Master Agreement entered into between Shanghai Yongsheng (an indirect wholly-owned subsidiary of the Company) and CIFI (PRC) (an indirect wholly-owned subsidiary of CIFI Holdings) on 30 December 2016 (as amended and supplemented by a supplemental agreement on 22 November 2018) for a term which commenced from 1 January 2017 to 31 December 2019.

As the 2016 CIFI Property Management Services Master Agreement will be expiring on 31 December 2019 and to further optimise and unify the Group's business relationship with CIFI Group, the Company and CIFI Holdings entered into the 2019 CIFI Property Management Services Master Agreement on 11 November 2019 (after trading hours), pursuant to which the Company has agreed to provide, or procure its subsidiaries to provide, property management services to CIFI Group for a period commencing from the Effective Date and ending on 31 December 2022.

The principal terms of the 2019 CIFI Property Management Services Master Agreement are set out as below:

2019 CIFI PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

- Date:** 11 November 2019 (after trading hours)
- Parties:** (1) the Company
(2) CIFI Holdings
- Scope of service:** Property management services to be provided by the Group to CIFI Group, including but without limitation to (i) property management services for unsold properties, car parking lots and the properties owned by CIFI 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 CIFI Group upon completion of construction and before delivery of the same to homeowners and other value-added services.
- Term:** Three years commencing from the Effective Date and ending on 31 December 2022 (both days inclusive).
- Pricing and other terms:** The parties to the 2019 CIFI Property Management Services Master Agreement have agreed as follows:
- (i) the parties may enter into the Specific Agreements to set out the detailed terms for the relevant transactions contemplated under the 2019 CIFI Property Management Services Master Agreement in the ordinary course of business after arm’s length negotiations on normal commercial terms;
 - (ii) the Specific Agreements shall conform with the principals and provisions set out in the 2019 CIFI Property Management Services Master Agreement;

- (iii) fees for the property management services to be provided by the Group shall be determined in the Specific Agreements and should be set, after arm's length negotiations with reference to the prevailing market rate (taking into consideration the location of the property, the condition of the property and the scope of the property management services) and the price charged by the Group when providing similar services to the Independent Third Parties; and
- (iv) the terms and conditions of the Specific Agreements shall be not less favourable than those being offered by the Group to the Independent Third Parties for comparable services.

Historical aggregate amount:

The approximate historical aggregate amount of service fees received by the Group for the two financial years ended 31 December 2018 and the six months ended 30 June 2019 are as follows:

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2018 RMB'000	For the six months ended 30 June 2019 RMB'000
Historical aggregate amount	121,768	161,563	82,966

Annual caps:

Pursuant to the 2019 CIFI Property Management Services Master Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for each of the three financial years ending 31 December 2020, 2021 and 2022 are expected not to exceed the following:

	For the year ending 31 December 2020 RMB'000	For the year ending 31 December 2021 RMB'000	For the year ending 31 December 2022 RMB'000
Annual cap	350,000	350,000	350,000

The proposed annual caps for the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement were determined after considering the following factors:

- (i) the historical transaction amount under the 2016 CIFI Property Management Services Master Agreement;
- (ii) the estimated revenue to be recognised based on the existing signed contracts between the Group and CIFI Group;
- (iii) the expected volume of sale, size and number of the properties of CIFI Group to be managed by the Group based on the total GFA of properties developed by CIFI Group under the Group's management as of 30 June 2019, the properties under development held by CIFI Group as of 30 June 2019 and the estimated time of pre-sales and delivery based on public available information; and
- (iv) the expected demand of CIFI Group for property management services, the relevant property management services and standard being proposed by the Group, and the price to be charged by the Group for the provision of such services.

PRICING POLICY

During the term of the 2019 CIFI Property Management Services Master Agreement, the Group may from time to time enter into individual agreements with members of CIFI Group for the provision of relevant property management services in accordance with the principal terms of the 2019 CIFI Property Management Services Master Agreement. The Group adopts the following pricing policy for each of such individual agreements:

- (a) each individual agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;
- (b) the transaction price shall be determined based on certain market reference prices after the arm's length negotiation is reached between both parties in respect of the terms and conditions of each individual agreement to ensure that the transaction price is no less favorable to CIFI Group than that available to the Independent Third Parties;

- (c) in determining the transaction price, the relevant member of the Group shall refer to other contemporaneous transactions of similar services (in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management, etc.) carried out with Independent Third Parties and review regularly as to whether the prices offered to CIFI Group deviate materially from those offered to Independent Third Parties to ensure that the prices offered to CIFI Group are fair and reasonable and are no less favorable than those offered to other Independent Third Parties; and
- (d) the transaction price shall be negotiated with CIFI Group by reference to the relevant guidance prices prescribed by the government or those charged by other property management companies in the PRC of comparable similar transactions with their independent third parties or estimated costs to be incurred in the course of the provision of the services plus an appropriate gross profit margin if no contemporaneous transactions for similar services have taken place between the relevant member of the Group and Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2019 CIFI PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

The Group has been providing property management services to CIFI Group for many years and the provision of which is in the ordinary course of business of the Group. As the 2016 CIFI Property Management Services Master Agreement is due to expire on 31 December 2019, the 2019 CIFI Property Management Services Master Agreement is being entered to enable the Group to continue to provide property management services to CIFI Group, which could result in satisfactory synergy effect and further promote the business growth of the Group.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

The relevant personnel and management of the Group will review and assess the terms before entering to the Specific Agreements to ensure they are consistent with the principals and provisions set out in the 2019 CIFI Property Management Services Master Agreement.

Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will continue to review the transactions contemplated under the relevant continuing connected transaction and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES TO THE 2019 CIFI PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

The Group

The Group is a property management service provider offering a comprehensive portfolio of quality services to its customers in the PRC with over 15 years of experience. It has three business lines, namely property management services, value-added services to non-property owners and community value-added services, covering the entire value chain of property management.

CIFI Holdings

CIFI Holdings is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 884). CIFI Group is principally engaged in the property development and property investment business focusing on developing high quality properties in the PRC.

The controlling shareholders of CIFI Holdings are Mr. Lin Zhong, Mr. Lin Wei and Mr. Lin Feng.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei, acting in a consensual manner, are entitled to exercise the voting rights of approximately 62.39% of the issued share capital of the Company through CIFI Holdings and other investment holding companies controlled by them, and together they constitute a group of controlling shareholders of the Company. CIFI Holdings, being one of the controlling shareholders of the Company, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the 2019 CIFI Property Management Services Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profit ratio) as defined under the Listing Rules in respect of the proposed annual caps for the 2019 CIFI Property Management Services Master Agreement, on an annual basis, is expected to be more than 5%, the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) will be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD APPROVAL

As at the date of this announcement, Mr. Ge Ming, being the non-executive Director, is interested in approximately 0.10% of the issued share capital of CIFI Holdings and is one of the senior management of CIFI Holdings. At the Board meeting held to approve the 2019 CIFI Property Management Services Master Agreement, each of Mr. Lin Zhong, Mr. Lin Feng and Mr. Ge Ming is considered as having a material interest in the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement. Accordingly, each of Mr. Lin Zhong, Mr. Lin Feng and Mr. Ge Ming has abstained from voting on the Board resolutions for approving the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

Save as disclosed above, none of the Directors has a material interest in the 2019 CIFI Property Management Services Master Agreement and is required to abstain from voting on the relevant Board resolutions.

GENERAL

The Company will convene the EGM for the purpose of, among other things, considering and if thought fit, approving the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

Voting at the EGM will be conducted by way of poll. Elite Force, Spectron, Best Legend and their respective associates shall abstain from voting on the proposed resolution approving the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) at the EGM.

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the terms of the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor). Red Sun Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further information on the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 2 December 2019 pursuant to Rule 14A.68(11) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“2016 CIFI Property Management Services Master Agreement”	the property management services master agreement entered into between Shanghai Yongsheng and CIFI (PRC) on 30 December 2016 (as amended and supplemented by a supplemental agreement dated 22 November 2018)
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“2019 CIFI Property Management Services Master Agreement”	the property management services master agreement entered into between the Company and CIFI Holdings on 11 November 2019, details of which are set out under the section headed “Continuing Connected Transaction — 2019 CIFI Property Management Services Master Agreement” of this announcement
“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Best Legend”	Best Legend Development (PTC) Limited, a private trust company limited by shares incorporated in the BVI and is one of the controlling shareholders of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CIFI (PRC)”	CIFI Group Co., Ltd. (旭輝集團股份有限公司), a joint stock company with limited liability established in the PRC and an indirect wholly-owned subsidiary of CIFI Holdings
“CIFI Group”	CIFI Holdings and its subsidiaries
“CIFI Holdings”	CIFI Holdings (Group) Co. Ltd. (stock code: 884), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange
“Company”	Ever Sunshine Lifestyle Services Group Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“controlling shareholders”	shall have the meaning as ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Effective Date”	1 January 2020 or the date of passing of the resolution by the Independent Shareholders at the EGM (whichever is later)
“Elite Force”	Elite Force Development Limited, a limited liability company incorporated in the BVI and is one of the controlling shareholders of the Company
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held for the purpose of considering and, if thought fit, approving the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor)
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established by the Board, comprising all the independent non-executive Directors, namely Mr. Ma Yongyi, Mr. Wang Peng and Mr. Cheung Wai Chung, to advise the Independent Shareholders on the terms of the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor)

“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor)
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution with respect to the 2019 CIFI Property Management Services Master Agreement
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Specific Agreement(s)”	the specific individual agreement(s) that may be entered into between members of the Group and members of the CIFI Group in accordance with the principles and terms of the 2019 CIFI Property Management Services Master Agreement

“Spectron”	Spectron Enterprises Limited, a limited liability company incorporated in the BVI and is one of the controlling shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the same meaning as ascribed to it under the Listing Rules
“Shanghai Yongsheng”	上海永升物業管理有限公司 (Shanghai Yongsheng Property Management Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 11 November 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*