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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Ever Sunshine Lifestyle Services Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 AND NOTICE OF EGM

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



红日资本有限公司

RED SUN CAPITAL LIMITED

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 14 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 15 to 16 of this circular. A letter from Red Sun Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 34 of this circular.

A notice convening the EGM of Ever Sunshine Lifestyle Services Group Limited to be held at No.2 Conference Room, 9/F., Building 39 Henderson CIFI Centre, 1088 Nong, Shen Hong Road, Minhang District, Shanghai, the PRC on Monday, 30 December 2019 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>).

Whether or not you are able to attend the EGM, you are advised to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Saturday, 28 December 2019) or any adjournment thereof. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish and in such event, the proxy shall be deemed to be revoked.

All times and dates specified herein refers to Hong Kong local times and dates.

9 December 2019

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“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)
“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
“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)

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## DEFINITIONS

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“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 to be held at No.2 Conference Room, 9/F., Building 39 Henderson CIFI Centre, 1088 Nong, Shen Hong Road, Minhang District, Shanghai, the PRC on Monday, 30 December 2019 at 10:00 a.m. or any adjournment thereof (as the case may be), the notice of which is set out on pages EGM-1 to EGM-2 of this circular
“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

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## DEFINITIONS

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“Latest Practicable Date”	6 December 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“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
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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
“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(ies)”	shall have the same meaning as ascribed to it under the Listing Rules
“%”	per cent.

\* *for identification purpose only*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. LIN Zhong (*Chairman*)

Mr. ZHOU Hongbin

*Non-executive Director:*

Mr. LIN Feng

Mr. GE Ming

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Independent Non-executive Directors:*

Mr. MA Yongyi

Mr. WANG Peng

Mr. CHEUNG Wai Chung

*Principal Place of Business in Hong Kong:*

40th Floor, Sunlight Tower

No. 248 Queen's Road East

Wanchai, Hong Kong

9 December 2019

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION**  
**PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT**  
**AND**  
**NOTICE OF EGM**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 11 November 2019 in relation to the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The purposes of this circular are to provide the Shareholders with, 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 to consider and, if thought fit, to approve the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

### 2019 CIFI PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

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:

- 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).

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## LETTER FROM THE BOARD

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**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 principles 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:

<b>For the year ended 31 December 2017</b>	<b>For the year ended 31 December 2018</b>	<b>For the six months ended 30 June 2019</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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:

<b>For the year ending 31 December 2020</b>	<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
350,000	350,000	350,000



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## LETTER FROM THE BOARD

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The proposed annual caps for the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement were determined as follows:

- (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.

The annual caps for the three years ending 31 December 2022 are further elaborated as follows:

### **Annual cap for the year ending 31 December 2020**

- (i) For the services to be provided under the 2019 CIFI Property Management Services Master Agreement, the key factor for projecting the annual cap is the total GFA of the properties which would be developed and completed by CIFI Group, and managed or serviced by the Group in each year. Therefore, the Group has used the total GFA under development and held for future development as disclosed in CIFI Holdings' interim report for the six months ended 30 June 2019 under the category "*Properties under development and held for future development*" for projecting such areas for management and servicing by the Group, assuming that the projects will be completed over the period as indicated in CIFI Holdings' interim report for the six months ended 30 June 2019, and all property projects will be managed or serviced by the Group.

Based on the above projection method and taking into account the actual GFA of CIFI Group's properties under the Group's management totalled 15.9 million square meters as at 30 June 2019, the total GFA of properties developed by CIFI Group under the Group's management during year 2019 and 2020 would be 18.3 million square meters and 23.9 million square meters respectively.

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## LETTER FROM THE BOARD

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- (ii) For the property management services for unsold properties and car parking lots, the Group has also taken into account the ratio of historical revenue received from CIFI Group out of the total income generated from the projects developed by CIFI Group under the Group's management, the ongoing transactions in respect of the signed contracts together the increase in the total GFA of the properties developed by CIFI Group under the Group's management during the six month ended 31 December 2019 and the year ending 31 December 2020 in projecting the annual cap for the property management services for unsold properties and car parking lots.
- (iii) For estimating the annual cap for the year ending 31 December 2020 for the initial project acceptance fee for new projects, the Group has taken into account the number of properties under development and held for future development which will be completed during year 2020 as shown in CIFI Holdings' interim report for the six months ended 30 June 2019 and a fixed fee charged for each project.
- (iv) The annual caps for other services (other than the services provided to property sales offices) under the 2019 CIFI Property Management Services Master Agreement are derived by taking into account the actual historical amount for the respective services for the year ended 31 December 2018 and the rate of increase in total GFA of CIFI Group's properties under the Group's management during the year ending 31 December 2019 and the year ending 31 December 2020.
- (v) The annual cap for the services provided to property sale offices is determined with reference to the actual historical amount for this service for the year ended 31 December 2018, and the rate of increase in the total GFA of the property projects which are expected to complete by assuming that contracts for these property sales offices would be signed in the preceding year of the completion of the property project.

### **Annual caps for the year ending 31 December 2021 and 2022**

For the annual caps set for the year ending 31 December 2021 and 2022, the Group has adopted a prudent and conservative approach by assuming that there will not be any growth to the estimated GFA of properties of CIFI Group under the Group's management having considered that there may be more uncertainties in the development the property market in the PRC and the construction progress of CIFI Group's property projects at time which is more than one year from now.

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## LETTER FROM THE BOARD

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### PRICING POLICY

During the term of the 2019 CIFI Property Management Services Master Agreement, the Group may from time to time enter into the Specific Agreements with members of CIFI Group for the provision of relevant property management services in accordance with the terms of the 2019 CIFI Property Management Services Master Agreement. The Group adopts the following pricing policy to ensure that the terms offered to CIFI Group under the 2019 CIFI Property Management Services Master Agreement are on normal commercial terms and shall not be less favourable to the Group than terms offered by the Group to Independent Third Parties as follows:

- (a) for all property management services except for those for unsold properties, car parking lots and the properties owned by CIFI Group under the 2019 CIFI Property Management Services Master Agreement, the Group would charge CIFI Group at prices based on a standard price list prepared by the Group which is applicable to CIFI Group as well as Independent Third Parties after taking into account:
  - (i) the Group's 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
  - (ii) prices charged by other property management companies in the PRC of comparable transactions with independent third parties (if available).

The standard price list shall be compiled based on the above by obtaining at least three transactions for reference by the Group's operating department, and reviewed and approved semi-annually by the head of the operating department, the chief financial officer and president of the Group to ensure the price list maintained by the Group reflecting the prevailing market conditions.

- (b) for property management services for unsold properties, car parking lots and the properties owned by CIFI Group, before determining the price for the provision of services, the Group would make reference to:
  - (i) the Group's 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;
  - (ii) prices charged by other property management companies in the PRC of comparable transactions with independent third parties; and
  - (iii) guidance prices issued by the government in this connection (if any) depending on the location of the property project.

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## LETTER FROM THE BOARD

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After the relevant information is collected, the marketing department of the Group would determine a price to be offered to CIFI Group which would not be less than the prices offered to Independent Third Parties by the Group. Relevant information together with the Specific Agreement will be submitted to the head of the marketing department, accounting department and legal department of the Group, and president of the Group for approval.

### **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 consider that through providing quality services to CIFI Group, the Company aims to promote its property management service business by raising the brand image and the awareness of the services on offer to property owners and owners' associations of the properties developed by CIFI Group as well as other property developers in the PRC.

The Directors 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 and usual 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 to ensure the relevant continuing connected transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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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 principles 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 2019 CIFI Property Management Services Master Agreement 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 2019 CIFI Property Management Services Master Agreement and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps of the relevant continuing connected transactions thereof.

In view of the foregoing, 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 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 Latest Practicable Date, 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.

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## LETTER FROM THE BOARD

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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**

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 resolution 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 was required to abstain from voting on the relevant Board resolution.

### **Independent Board Committee and Independent Financial Adviser**

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.

### **EGM**

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM which will be held at No.2 Conference Room, 9/F., Building 39 Henderson CIFI Centre, 1088 Nong, Shen Hong Road, Minhang District, Shanghai, the PRC on Monday, 30 December 2019 at 10:00 a.m.. At the EGM, ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

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## LETTER FROM THE BOARD

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Pursuant to 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Any Shareholders and his/her/its associate(s) who are involved or interested in the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution approving the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each share registered in his/her name in the register. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

As at the Latest Practicable Date, Elite Force, Spectron and Best Legend directly holds 440,000,000, 330,000,000 and 188,549,000 Shares, representing approximately 28.64%, 21.48% and 12.27% of the total number of Shares in issue, respectively. Elite Force, Spectron and Best Legend will abstain from voting on the proposed resolution to approve the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for Elite Force, Spectron, Best Legend, none of the Shareholders is required to abstain from voting on the resolution to be proposed at the EGM.

An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **Closure of register of members**

The EGM will be held on Monday, 30 December 2019. For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from 23 December 2019 to 30 December 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all Share transfer documents, together with the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 20 December 2019.

### **Form of proxy**

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you are able to attend the EGM, you are advised to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event no less than 48 hours before the time appointed for holding the EGM (i.e. before 10:00 a.m. on Saturday, 28 December 2019) or any adjournment thereof.

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## LETTER FROM THE BOARD

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Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish and in such event, the proxy shall be deemed to be revoked.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 15 to 16 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the proposed resolution to approve the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor); and (ii) the letter from the Independent Financial Adviser as set out on pages 17 to 34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

The Independent Board Committee, having taken into account, among other things, the advice of the Independent Financial Adviser, is 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 or better and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in respect of the approval of the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that 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 and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole and therefore recommends you to vote in favour of the relevant resolution to be proposed at the EGM.

### GENERAL INFORMATION

Your attention is drawn to the appendix headed “General Information” to this circular.

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



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders in respect of approving the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).*



### **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)**

9 December 2019

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTION PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT**

We refer to the circular dated 9 December 2019 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, 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 or better and in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

Red Sun Capital Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in connection with the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor). Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion, are set out in its letter on pages 17 to 34 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Your attention is also drawn to the letter from the Board set out on pages 4 to 14 of the Circular and the general information set out in the appendix of the Circular.

Having considered the information as set out in the letter from the Board, the terms and conditions of the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor), the factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we 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 or better and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the approval of the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) to be proposed at the EGM.

Yours faithfully

For and on behalf of the  
the Independent Board Committee

**Ever Sunshine Lifestyle Services Group Limited**

**Mr. Ma Yongyi**

*Independent Non-executive  
Director*

**Mr. Wang Peng**

*Independent Non-executive  
Director*

**Mr. Cheung Wai Chung**

*Independent Non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of the letter of advice from Red Sun Capital to the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions prepared for the purpose of incorporation in this circular.*



Unit 3303, 33/F, West Tower, Shun Tak Centre,  
168-200 Connaught Road Central, Hong Kong

Tel: (852) 2857 9208

Fax: (852) 2857 9100

9 December 2019

To: The independent board of committee and the independent shareholders of  
Ever Sunshine Lifestyle Services Group Limited

### **CONTINUING CONNECTED TRANSACTIONS WITH CIFI GROUP — 2019 CIFI PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT**

#### **I. INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders with regard to the continuing connected transactions in connection with the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) (the “**Continuing Connected Transactions**”). Details of the 2019 CIFI Property Management Services Master Agreement with CIFI Group are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 9 December 2019 (the “**Circular**”). Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

Reference is made to the prospectus of the Company dated 4 December 2018 (the “**Prospectus**”) 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 and ending on 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, 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 certain 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.

### II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of seven Directors, namely Mr. Lin Zhong and Mr. Zhou Hongbin as executive Directors, Mr. Lin Feng and Mr. Ge Ming as non-executive Directors, Mr. Ma Yongyi, Mr. Wang Peng and Mr. Cheung Wai Chung as independent non-executive Directors.

The Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. Ma Yongyi, Mr. Wang Peng and Mr. Cheung Wai Chung, has been established to advise the Independent Shareholders as to whether the terms of 2019 CIFI Property Management Services Master Agreement (together with the annual caps for the 2019 CIFI Property Management Services Master Agreement) and the transactions contemplated thereunder are fair and reasonable, and whether the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Shareholders in these respects and to give our opinion in relation to the Continuing Connected Transactions for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

### III. OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the previous two years, we did not act as independent financial adviser to the Company under the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Apart from the normal advisory fee paid or payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence, in each case in connection with the matters contemplated by this letter. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

#### IV. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice to the Independent Board Committee and Independent Shareholders, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and the CIFI Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group, and the CIFI Group made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. The Company and/or the Management and/or the Directors confirmed that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company, the CIFI Group and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### V. BACKGROUND INFORMATION OF THE CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion on the Continuing Connected Transactions (together with the annual caps), we have taken into consideration the following factors and reasons.

#### 1. Background information of the Group

As disclosed in the Letter from the Board, the Group is principally engaged in the provision of property management service, community value-added service and value-added service to non-property owners in the PRC. 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.

Set out below is a summary of the Group's (i) audited consolidated statements of profit or loss and comprehensive income and consolidated statements of financial position for the years ended 31 December 2017 and 2018 as extracted from the Company's annual report for the year ended 31 December 2018 (the "2018 Annual report"); and (ii) unaudited consolidated financial results of the Group for the six months ended 30 June 2018 and 2019 as set out in the interim report of the Group for the six months ended 30 June 2019 (the "2019 Interim Report"):

*Summary of consolidated statements of profit or loss and comprehensive income*

	<b>For the six months ended</b>		<b>For the years ended</b>	
	<b>30 June</b>		<b>31 December</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
<b>Revenue</b>				
— Property management services	436.3	300.1	666.9	472.3
— Community value-added services	141.3	53.9	198.4	110.0
— Value-added services to non-property owners	130.2	84.6	210.5	143.0
	<u>707.8</u>	<u>438.6</u>	<u>1,075.8</u>	<u>725.3</u>
Total Revenue				
	707.8	438.6	1,075.8	725.3
Profit before tax	120.4	57.0	141.8	104.9
<b>Profit for the year attributable to owners of the Company</b>	<u><b>90.5</b></u>	<u><b>41.2</b></u>	<u><b>100.5</b></u>	<u><b>76.4</b></u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *For the year ended 31 December 2018 compared to the year ended 31 December 2017*

For the year ended 31 December 2018, the revenue of the Group increased by approximately RMB350.5 million or approximately 48.3%, from approximately RMB725.3 million for the year ended 31 December 2017 to approximately RMB1,075.8 million for the year ended 31 December 2018.

As disclosed in the 2018 Annual Report, the revenue from property management services was approximately RMB666.9 million, accounted for approximately 62.0% of the Group's total revenue for the year ended 31 December 2018. This increase was primarily driven by the notable growth of the Group's total GFA under management, which was mainly attributable to both the steady cooperation with CIFI Group and the Group's efforts to expand its third-party customer base. The total GFA under management increased from approximately 26.5 million square metre as of 31 December 2017 to approximately 40.2 million square metre as of 31 December 2018. The increase in revenue from value-added services to non-property owners and community value-added services was mainly due to the expansion in the scope of value-added services provided, as well as the increase of the Group's GFA under management.

In addition, profit attributable to owners of the Company also increased by approximately RMB24.1 million or approximately 31.5%, from approximately RMB76.4 million for the year ended 31 December 2017 to approximately RMB100.5 million for the year ended 31 December 2018. Such increase was mainly attributable to the increase in revenue and a slightly higher gross profit margin.

### *For the six months ended 30 June 2019 compared to the six months ended 30 June 2018*

For the six months ended 30 June 2019, the revenue increased by approximately RMB269.2 million or approximately 61.4%, from approximately RMB438.6 million for the six months ended 30 June 2018 to approximately RMB707.8 million for the six months ended 30 June 2019.

As set out in the 2019 Interim Report, the revenue from property management services was approximately RMB436.3 million, accounted for approximately 61.6% of the Group's total revenue. Such increase was primarily driven by the further growth of the total GFA under management from approximately 40.2 million square metre as of 31 December 2018 to approximately 49.0 million square metre as of 30 June 2019. Meanwhile, the increase in revenue from value-added services to non-property owners and community value-added services was mainly due to the GFA under management as a result of the continuous expansion of its customer base. During the six months ended 30 June 2019, the Group further optimized the business structure, and revenue from its value-added services continued to record growth.

It is also noted that profit attributable to owners of the Company increased by approximately RMB49.3 million or approximately 119.7%, from approximately RMB41.2 million for the six months ended 30 June 2018 to approximately RMB90.5 million for the six months ended 30 June 2019. Such increase was mainly attributable to the increase in revenue as well as a slight improvement in the gross profit margin and net profit margin of the Group as a result of continuous enhancement in cost control.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Summary of consolidated statement of financial position*

	<b>As at</b>	<b>As at 31 December</b>	
	<b>30 June</b>	<b>2018</b>	<b>2017</b>
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
<b>Total assets</b>	<b>1,808.2</b>	<b>1,492.9</b>	<b>702.4</b>
— Bank balance, deposits and cash	1,101.8	1,160.1	438.2
— Trade and bills receivables	256.5	162.0	121.5
— Deposits, prepayments and other receivables	90.9	51.3	54.9
— Investment properties	49.2	49.3	48.2
<b>Total liabilities</b>	<b>781.6</b>	<b>590.3</b>	<b>457.7</b>
— Trade payables	141.4	71.8	36.7
— Accruals and other payables	340.0	286.6	264.9
— Contract liabilities	209.5	171.3	120.1
<b>Total equity attributable to owners of the Company</b>	<b>1,014.6</b>	<b>898.9</b>	<b>244.7</b>

*Financial position of the Group as at 31 December 2018 compared to 31 December 2017*

The Group's total assets increased by approximately RMB790.5 million or approximately 112.5% from approximately RMB702.4 million as at 31 December 2017 to approximately RMB1,492.9 million as at 31 December 2018. As at 31 December 2018, assets of the Group mainly comprised of bank balance, deposits and cash of approximately RMB1,160.1 million and trade and bill receivables of approximately RMB162.0 million, which accounted for approximately 77.7% and 10.9% of the total assets of the Group, respectively.

The Group's total liabilities increased by approximately RMB132.6 million or approximately 29.0%, from approximately RMB457.7 million as at 31 December 2017 to approximately RMB590.3 million as at 31 December 2018. Such increase was mainly attributable to (i) the increase in trade payables of approximately RMB35.1 million or 95.6% from approximately RMB36.7 million as at 31 December 2017 to approximately RMB71.8 million as at 31 December 2018; (ii) the increase in accruals and other payables of approximately RMB21.7 million or 8.2% from approximately RMB264.9 million as at 31 December 2017 to approximately RMB286.6 million as at 31 December 2018; and (iii) the increase in contract liabilities of approximately RMB51.2 million or 42.6% from approximately RMB120.1 million as at 31 December 2017 to approximately RMB171.3 million as at 31 December 2018.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Financial position of the Group as at 30 June 2019 compared to 31 December 2018*

The Group's total assets increased by approximately RMB315.3 million or approximately 21.1% from approximately RMB1,492.9 million as at 31 December 2018 to approximately RMB1,808.2 million as at 30 June 2019. As at 30 June 2019, assets of the Group mainly comprised of bank balance, deposits and cash of approximately RMB1,101.8 million and trade and bill receivables of approximately RMB256.5 million, which accounted for approximately 60.9% and 14.2% of the total assets, respectively.

The Group's total liabilities increased by approximately RMB191.3 million or approximately 32.4%, from approximately RMB590.3 million as at 31 December 2018 to approximately RMB781.6 million as at 30 June 2019. Such increase was mainly attributable to (i) the increase in trade payables of approximately RMB69.6 million or 96.9% from approximately RMB71.8 million as at 31 December 2018 to approximately RMB141.4 million as at 30 June 2019; (ii) the increase in accruals and other payables of approximately RMB53.4 million or 18.6% from approximately RMB286.6 million as at 31 December 2018 to approximately RMB340.0 million as at 30 June 2019; and (iii) the increase in contract liabilities of approximately RMB38.2 million or 22.3% from approximately RMB171.3 million as at 31 December 2018 to approximately RMB209.5 million as at 30 June 2019.

## **2. Background information on CIFI Group**

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 as at the Latest Practicable Date.

According to the annual report for the year ended 31 December 2018 of CIFI Holdings, the revenue generated from (i) sales of properties; (ii) rental income; and (iii) revenue from project management and other property related services income, amounted to approximately RMB42,367.7 million and the profit attributable to the equity owners amounted to approximately RMB7,118.3 million, represented an increase of approximately RMB10,543.4 million and RMB969.8 million, respectively, over the corresponding period of the prior year. Such increase was mainly attributable to (i) the increasing contracted sales from approximately 6.3 million square metre for the year ended 31 December 2017 to approximately 9.6 million square metre for the year ended 31 December 2018; and (ii) the rental income derived from the new rental contribution from Shanghai CIFI Haishang International, Shanghai LCM and Chongqing CIFI City.

As extracted from the interim report for the six months ended 30 June 2019 of CIFI Holdings, the CIFI Group recorded an increase of revenue from approximately RMB18,420.5 million for the six months ended 30 June 2018 to approximately RMB20,063.4 million for the six months ended 30 June 2019. Such increase was mainly attributable to (i) the CIFI Group's contracted sales of approximately 5.1 million square metre in GFA, representing an increase of 17.5% over the corresponding period of last year; and (ii) the new rental contribution from a shopping mall located in Shanghai. It was also

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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noted that CIFI Group recorded total assets of approximately RMB302.0 billion, including (i) properties under development for sale of approximately RMB108.1 billion; (ii) bank balances and cash of approximately RMB 54.0 billion; and (iii) investment properties of approximately RMB17.6 billion.

In addition, the CIFI Group had over 170 property projects under development or held for future development with a total and attributable GFA of approximately 33.9 million square metre and 16.4 million square metre, respectively, as at 31 December 2018. As at 30 June 2019, the CIFI Group's property projects under development or held for future development further increased to over 200, with a total GFA of approximately 41.0 million square metre.

### 3. Background information on the property management industry in the PRC

As set out on the website of the National Bureau of Statistics of the PRC (<http://data.stats.gov.cn>), year-on-year growth in gross domestic product for the PRC in 2018 was approximately 6.6% (2017: 6.8%). Pursuant to the Thirteenth Five Year Plan\* (十三五規劃) set out by the PRC government, the annual gross domestic product growth target for the next five years from 2016 was approximately 6.5%. However, such target was subsequently adjusted down to 6.0% by the PRC government in March 2019.

As stated in the Thirteenth Five Year Plan, the PRC government targets to, among others, (i) accelerate the agricultural population urbanisation (加快農業轉移人口市民化) by implementing three main strategies, namely further reform of the household registration system\* (深化戶籍制度改革), implementation of the residence permit system\* (實施居住證制度) and improvement on the system for promoting urbanisation of agricultural population\* (健全促進農業轉移人口市民化的機制); and (ii) optimise urbanisation layout\* (優化城鎮化佈局和形態) by implementing three main strategies, namely the acceleration of the construction and advancement of urban agglomeration\* (加快城市群建設發展), enhance the drive of activities by central cities\* (增強中心城市輻射帶動功能) and speeding up of the development of small and medium-sized cities and characteristic towns\* (加快發展中小城市和特色鎮). Furthermore, the PRC government has implemented various policy measures, at national and regional level, to promote long term sustainability of the PRC property market, which included but was not limited to (i) making adjustments to the benchmark interest rate by the People's Bank of China; (ii) amending the minimum down payment for buyers of second homes; (iii) impose limitation on property purchases\* (限購令); and (iv) minimum holding period before resale. Accordingly, the development of the PRC property market continues to be exposed to changes in PRC government policies at a national and regional level, as well as market volatility and to an extent affected by the overall economic development of the PRC. As set out in the Prospectus, rapid urbanisation in the PRC and growth in per capita disposable income are principal growth drivers for the PRC property management industry. The Management expects that the middle- to high-income class of consumers will continue to demand for better living conditions and higher quality property management services, against this backdrop, the emerging middle- to high-income class of consumers in the PRC and their growing spending power will be a substantial driving force and influence on the development of mid- to high-end property management services in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

#### Reasons for and benefits of entering into the 2019 CIFI Property Management Services Master Agreement

As disclosed in the Letter from the Board, 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 consider that through providing quality services to CIFI Group, the Company aims to promote its property management service business by raising the brand image and the awareness of the services on offer to property owners and owners' associations of the properties developed by CIFI Group as well as other property developers in the PRC.

Having considered that, (i) the Group is principally engaged in provision of property management service, community value-added service and value-added services to non-property owners; (ii) the Continuing Connected Transactions are a furtherance of the Group's principal businesses; (iii) the annual caps, if approved, would facilitate the Continuing Connected Transactions for the years ending 31 December 2020, 2021 and 2022 to ensure that they can be carried out in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis; and (iv) the Group has the right but not the obligation to seek or provide the relevant services to the CIFI Group at terms determined in accordance with the respective pricing policies, we concur with the Directors' view that the Continuing Connected Transactions are in the interests of the Company as a whole.

#### 1. Principal terms of the 2019 CIFI Property Management Services Master Agreement

The following information has been extracted from the Letter from the Board:

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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- Term: 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 principles 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.

Further details of the principal terms of the 2019 CIFI Property Management Services Master Agreement is set out in the Letter from the Board.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Pricing Policy*

During the term of the 2019 CIFI Property Management Services Master Agreement, the Group may from time to time enter into the Specific Agreements with members of CIFI Group for the provision of relevant property management services in accordance with the terms of the 2019 CIFI Property Management Services Master Agreement. The Group adopts the following pricing policy to ensure that the terms offered to CIFI Group under the 2019 CIFI Property Management Services Master Agreement are on normal commercial terms and shall not be less favourable to the Group than terms offered by the Group to Independent Third Parties as follows:

- (a) for all property management services except for those for unsold properties, car parking lots and the properties owned by CIFI Group under the 2019 CIFI Property Management Services Master Agreement, the Group would charge CIFI Group at prices based on a standard price list prepared by the Group which is applicable to CIFI Group as well as Independent Third Parties after taking into account:
  - (i) the Group's 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
  - (ii) prices charged by other property management companies in the PRC of comparable transactions with independent third parties (if available).

The standard price list shall be compiled based on the above by obtaining at least three transactions for reference by the Group's operating department, and reviewed and approved semi-annually by the head of the operating department, the chief financial officer and president of the Group to ensure the price list maintained by the Group reflecting the prevailing market conditions.

- (b) for property management services for unsold properties, car parking lots and the properties owned by CIFI Group, before determining the price for the provision of services, the Group would make reference to:
  - (i) the Group's 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;
  - (ii) prices charged by other property management companies in the PRC of comparable transactions with independent third parties; and
  - (iii) guidance prices issued by the government in this connection (if any) depending on the location of the property project.

After the relevant information is collected, the marketing department of the Group would determine a price to be offered to CIFI Group which would not be less than the prices offered to Independent Third Parties by the Group. Relevant information together with the Specific Agreement will be submitted to the head of the marketing department, accounting department and legal department of the Group, and president for approval.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Analysis on the principal terms of the 2019 CIFI Property Management Services Master Agreement

We have discussed with the Management and were advised that the service fees under the 2019 CIFI Property Management Services Master Agreement for the 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.

We have obtained from the Company and reviewed historical transaction samples (the “**I3P Samples**”) selected on a non-exhaustive and random basis with independent third party customers on property management services for (i) unsold properties and car parking lots; (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 upon completion of construction and before delivery of the same to homeowners and other value-added services. We noted that the rates of service fee of the I3P Samples (i) ranged between RMB0.8 per month per square metre to RMB5 per month per square metre for the provision of property management services for unsold properties; (ii) ranged between RMB50 to RMB150 per lot per month for the provision of property management services for car parking lots; (iii) for the on-site security, cleaning, greening service as well as customer services to property sales offices, the service fees were charged based on labour costs plus a profit margin in accordance with the standard pricing terms maintained by the Group, which applies to transactions with both independent third parties and connected parties (the “**Standard Pricing Terms**”); (iv) fixed at a certain amount per square metre for preliminary planning and design consultancy services in accordance with the Standard Pricing Terms; (v) fixed at a certain amount per square metre in accordance with the Standard Pricing Terms for the house inspection services upon completion of construction and before delivery of the same to homeowners; (vi) the costs incurred plus a profit margin for other valued added services in accordance with the Standard Pricing Terms; and (vii) fixed amount per site for the initial project acceptance fee in accordance with the Standard Pricing Terms. We understand from the Management that factors such as locations and nature of the property units or car parking lots may have a bearing on the rate of the service fee charged to its customers.

We have also reviewed sampled transactions selected on a non-exhaustive and random basis between the Group and the CIFI Group on the property management services under the 2016 CIFI Property Management Services Master Agreement, which (i) ranged between RMB1.95 per month per square metre to RMB6 per month per square metre for the provision of property management services for unsold properties owned by CIFI Group; (ii) ranged between RMB50 to RMB150 per lot per month for the provision of property management services for car parking lots; (iii) for the on-site security, cleaning, greening service as well as customer services to property sales offices, the service fees were charged based on labour costs plus a profit margin in accordance with the Standard Pricing Terms; (iv) fixed at a certain amount per square metre for preliminary planning and design consultancy services in accordance with the Standard Pricing Terms; (v) fixed at a certain amount per square metre for the house inspection services to the property projects developed by CIFI Group upon completion of construction and before delivery of the same to homeowners in accordance with the Standard Pricing

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Terms; (vi) the costs incurred plus a profit margin for other valued added services in accordance with the Standard Pricing Terms; and (vii) fixed amount per site for the initial project acceptance fee in accordance with the Standard Pricing Terms. In relation to the property management services for unsold properties and car parking lots with CIFI Group, we have also obtained and reviewed comparable transactions (the “**Comparable Transactions**”) conducted between the Group and Independent Third Parties prepared by the marketing department. We further noted that the service fees charged to CIFI Group were no less favourable to those Comparable Transactions. Based on the sample transactions reviewed, the service fees charged by the Group to CIFI Group are no less favourable than those charged to independent third party customers. In connection with our work performed above, we have reviewed not less than 35 sampled transactions, which covered the respective services provided to CIFI Group and independent third parties.

We have also obtained and reviewed the internal procedures of the Group governing the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement which involves, among others, the review of terms of relevant transactions, a feedback mechanism by the approval personnel, segregation of duties and approval by the relevant personnel from accounting department of the Group. With a view to ensure that the transactions under the 2019 CIFI Property Management Services Master Agreement are conducted on normal commercial terms and will not prejudice the interests of the Company and its Shareholders as a whole, the relevant personnel and the management of the Group will review and assess whether the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement are conducted in accordance with the terms of the 2019 CIFI Property Management Services Master Agreement. We have obtained and reviewed quarterly checks performed by the Group on the relevant transactions, which sets out, among others, (i) information of the contracts, (ii) the contract period, type of transaction and scope of service to be provided by the Group; and (iii) whether the price and terms are comparable to the Standard Pricing Terms.

We have obtained and reviewed the Standard Pricing Terms maintained by the Group. The Standard Pricing Terms set out the price for different property management services provided by the Group, such pricing is determined with reference to the market information collected by the Management. As per the relevant samples reviewed by us, certain services, such as preliminary planning and design consultancy services, the house inspection services and initial project acceptance fee, shall be transacted at a prescribed amount, and for other services, such as the on-site security, cleaning, greening service as well as customer services to property sales offices and other value added services, a profit margin of 15% would be incorporated. We also noted that the sampled transactions between the Group and independent third parties or CIFI Group also complied with the pricing as set out in the Standard Pricing Terms. The Company performed review of the Standard Pricing Terms on a semi-annual basis, and we have obtained supporting documents in connection with the semi-annual review. As advised by the Management, if there is significant price change noted in the market by the designated personnel from the operating department, the relevant pricing terms would be updated accordingly. For the semi-annual review samples reviewed by us, which were dated 31 December 2018 and 30 June 2019 respectively, being the only two semi-annual reviews undertaken since the listing of the Company, the Company has assessed relevant market information and was not aware of any significant price change in the market, on this basis, no updates were required to be made to the Standard Pricing Terms at the relevant time.

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We have also reviewed historical transactions of the Group with both independent third parties and CIFI Group and noted that the pricing terms of these transactions were consistent with the Standard Pricing Terms maintained by the Group and the sample transactions with CIFI Group are not less favorable than the sample transactions with independent third parties. Based on our work and analysis performed and as set out above, the sampled transactions obtained and reviewed were conducted in accordance with the applicable stated pricing policies of the Group. In view of the above, in particular, our analysis and work performed on the pricing policies and internal control procedures implemented by the Group, we are of the view that the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

In addition, we have discussed and understand from the Management that the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement would be subject to the review of the independent non-executive Directors and the auditor of the Company would also conduct an annual review on the pricing terms and the annual caps under the 2019 CIFI Property Management Services Master Agreement. We further understand from the Management that the accounting department of the Group will monitor the actual transactions amount contemplated under the 2019 CIFI Property Management Services Master Agreement and report to the Management if the aggregate transaction amount under the annual caps are close to its limit. The Management has also confirmed that the transactions between the Group and the CIFI Group under the 2016 CIFI Property Management Services Master Agreement have been in compliance with the relevant internal control procedures. Therefore, we are of the view that appropriate internal control procedures are in place to prevent the proposed annual caps from being exceeded.

Having taken into account (i) the internal procedures of the Group governing the transactions under the 2019 CIFI Property Management Services Master Agreement; (ii) our work performed and our analysis on the continuing connected transactions under 2016 CIFI Property Management Services Master Agreement as set out above; and (iii) the pricing policies under the 2016 CIFI Property Management Services Master Agreement are similar to that of the 2019 CIFI Property Management Services Master Agreement, we are of the view that the pricing and terms under the 2019 CIFI Property Management Services Master Agreement are fair and reasonable.

### **3. Rationale for determining the annual caps in connection with the 2019 CIFI Property Management Services Master Agreement**

The historical aggregate amount of service fees received by the Group for the two financial years ended 31 December 2017 and 2018 and the six months ended 30 June 2019 are as follows:

<b>For the year ended 31 December 2017</b>	<b>For the year ended 31 December 2018</b>	<b>For the six months ended 30 June 2019</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
121,768	161,563	82,966



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The proposed annual caps for the transactions contemplated under the 2019 CIFI Property Services Master Agreement for each of the financial years ended 31 December 2020, 2021 and 2022 are expected not to exceed the following:

<b>For the year ending 31 December 2020</b>	<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
350,000	350,000	350,000

As set out in the Letter from the Board, the Directors have determined the annual caps with reference to a number of factors including, among other things, (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 services being proposed by the Group, and the price to be charged by the Group for the provision of such services.

The annual caps for the three years ending 31 December 2022 are further elaborated as follows:

- (i) For the services to be provided under the 2019 CIFI Property Management Services Master Agreement, the key factor for projecting the annual cap is the total GFA of the properties which would be developed and completed by CIFI Group, and managed or serviced by the Group in each year. Therefore, the Group has used the total GFA under development and hold for future development as disclosed in CIFI Holdings' interim report for the six months ended 30 June 2019 under the category "Properties under development and held for future development" for projecting such areas for management and servicing by the Group, assuming that the projects will be completed over the period as indicated in CIFI Holdings' interim report for the six months ended 30 June 2019, and all property projects will be managed or serviced by the Group.

Based on the above projection method and taking into account the actual GFA of CIFI Group's properties under the Group's management totalled 15.9 million square meters as at 30 June 2019, the total GFA of properties developed by CIFI Group under the Group's management during year 2019 and 2020 would be 18.3 million square meters and 23.9 million square meters respectively.

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- (ii) For the property management services for unsold properties and car parking lots, the Group has also taken into account the ratio of historical revenue received from CIFI Group out of the total income generated from the projects developed by CIFI Group under the Group's management, the ongoing transactions in respect of the signed contracts together the increase in the total GFA of the properties developed by CIFI Group under the Group's management during the six month ended 31 December 2019 and the year ending 31 December 2020 in projecting the annual cap for the property management services for unsold properties and car parking lots.
- (iii) For estimating the annual cap for the year ending 31 December 2020 for the initial project acceptance fee for new projects, the Group has taken into account the number of properties under development and held for future development which will be completed during year 2020 as shown in CIFI Holdings' interim report for the six months ended 30 June 2019 and a fixed fee charged for each project.
- (iv) The annual caps for other services (other than the services provided to property sales offices) under the 2019 CIFI Property Management Services Master Agreement are derived by taking into account the actual historical amount for the respective services for the year ended 31 December 2018 and the rate of increase in total GFA of CIFI Group's properties under the Group's management during the year ending 31 December 2019 and the year ending 31 December 2020.
- (v) The annual cap for the services provided to property sale offices is determined with reference to the actual historical amount for this service for the year ended 31 December 2018, and the rate of increase in the total GFA of the property projects which are expected to complete by assuming that contracts for these property sales offices would be signed in the preceding year of the completion of the property project.

In connection to the above, we had reviewed a schedule prepared by the Management for the year ending 31 December 2020 and noted that the service fee annual caps were primarily based on (i) the estimated GFA of properties of CIFI Group expected to be managed by the Group at the relevant time totalling to approximately 23.9 million square metre; and (ii) the expected number of properties under development and held for future development of CIFI Group which will be completed in 2020. We further understand from the Management that the estimated GFA and the expected number of properties under development and held for future development which will be completed in 2020 were made reference to the land bank of CIFI Group and the relevant construction projects to be completed and delivered during the year ending 31 December 2020.

We had discussed and understood from the Management that (i) the estimated GFA of properties of CIFI Group to be managed by the Group and the expected number of properties under development and held for future development of CIFI Group which will be completed in 2020 were arrived at after taking into consideration of factors including but not limited to, the existing portfolio of unsold properties of CIFI Group, the property development projects of the CIFI Group currently being sold in the market, the upcoming scheduled property development projects of CIFI Group, the expected property development projects of CIFI Group to be launched, during the year ending 31 December 2020; and (ii) the amount of historical services fee derived by the Group from the provision of similar services in the past.

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In connection with the above, we have reviewed the interim report of CIFI Group for the six months ended 30 June 2019 and noted that the total GFA of CIFI Group's land bank in the PRC and Hong Kong was approximately 46.8 million square metres, which represented an increase of approximately 13.6% from approximately 41.2 million square metres as at 31 December 2018. The total GFA of CIFI Group's land bank as at 30 June 2019 comprised (i) approximately 5.8 million square metres related to completed properties (including carparks); (ii) approximately 41.0 million square metres related to properties under development or held for future development, which is substantially higher than the estimated GFA of properties of CIFI Group expected to be managed by the Group under the proposed annual cap for the year ending 31 December 2020; and (iii) over 200 property projects under development or held for future development as at 30 June 2019, which is substantially higher than the expected number of properties under development and held for future development which will be completed in 2020. The Management advised that the land bank of the CIFI Group primarily consisted of sites located in tier 1, tier 2 and tier 3 PRC cities in the Yangtze River Delta region (including Shanghai and Hangzhou), Pan Bobai Rim region (including Beijing and Tianjin), Central Western region (including Chongqing and Xi'an) and South China region (including Guangzhou and Hong Kong). In terms of development stages, approximately 87.6% of the land bank was under construction, and approximately 22.2% was at the pre-sale stage. Moreover, CIFI Group's planned GFA (excluding carparks) acquired during the seven months ended 31 July 2019 was approximately 8.8 million square metres. As at 30 June 2019, properties held for sale and properties under development for sale of CIFI Group amounted to approximately RMB117.7 billion. On this basis, in particular, as (i) the transaction amounts under the Continuing Connected Transactions are mainly driven by the GFA under management by the Group in relation to CIFI Group's properties; (ii) the estimated GFA of properties of CIFI Group expected to be managed by the Group of approximately 23.9 million square metres for the year ending 31 December 2020, such represented only around 50% of the GFA of CIFI Group's land bank of approximately 46.8 million square metres as at 30 June 2019; and (iii) the number of property projects under development or held for future development as at 30 June 2019 is substantially higher than the expected number of properties under development and held for future development which will be completed in 2020, we considered that the basis of the annual cap for the year ending 31 December 2020 to be reasonable.

In connection with the proposed annual caps for the years ending 31 December 2021 and 2022, the Company has taken a prudent and conservative approach by not assuming any growth to the estimated GFA of properties of CIFI Group to be managed by the Group and maintained the proposed annual caps for the years ending 31 December 2021 and 2022 to be the same as that of the year ending 31 December 2020.

Having considered, (i) the historical growth in total contracted GFA to be managed by the Group (excluding carparks) of CIFI Group as at 31 December 2016, 2017 and 2018 of approximately 13.4 million square metres, 16.3 million square metres and 23.3 million square metres, respectively, which represented a year-on-year growth rate of approximately 21.6% and 42.9%, respectively; (ii) the information as set out under paragraph headed "2. Background information on CIFI Group", including (a) an increase of approximately 17.5% in CIFI Group's contracted sales in GFA for the six months ended 30 June 2019 over the corresponding period of prior year; and (b) the CIFI Group's property projects under development or held for future development further increased from over 170 as at 31 December 2018 to over 200 as at 30 June 2019; (iii) the Group's total GFA under management as at 31 December 2016, 2017 and 2018 of approximately 16.1 million square metres, 26.5 million square metres and 40.2 million square metres, respectively, which represented a period-to-period growth rate

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of approximately 64.6% and 51.7%, respectively; (iv) the annual caps are determined to allow for flexibility to capture business opportunities with the CIFI Group; (v) the Group has no control over the development and/or completion progress of the CIFI Group's projects, in particular, those expected to be completed in 2021 or 2022; (vi) the Group has the right but not the obligation to transact with the CIFI Group in connection with the Continuing Connected Transactions; and (vii) the Directors have been prudent when determining the growth rate of the annual caps for the years ending 31 December 2021 and 2022, we consider the basis for determining the annual caps under the 2019 CIFI Property Management Services Master Agreement to be fair and reasonable.

### VII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the reasons for and benefits of the 2019 CIFI Property Management Services Master Agreement;
- (ii) the provision of services under the 2019 CIFI Property Management Services Master Agreement is a furtherance and continuance of the Group's existing principal businesses;
- (iii) based on our work performed, the transactions conducted under the 2016 CIFI Property Management Services Master Agreement were on terms not less favourable than those terms available to or from independent third parties to the Group; and
- (iv) the value of, and the basis for determining, the respective annual caps are reasonable as discussed in this letter above,

we are of the view that the 2019 CIFI Property Management Services Master Agreement with CIFI Group, are in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the annual caps of the 2019 CIFI Property Management Services Master Agreement, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the 2019 CIFI Property Management Services Master Agreement (including the proposed annual caps) at the EGM.

Yours faithfully  
For and on behalf of  
**Red Sun Capital Limited**  
**Lewis Lai**  
*Managing Director*

*Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has around 13 years of experience in the corporate finance industry.*

\* For identification purpose only

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors

As at the Latest Practicable Date, the Directors and chief executives of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

#### *Long positions in the Shares*

Name of Director	Nature of interest	Number of Shares/ underlying shares held	Approximate percentage of shareholding in the Company <sup>(1)</sup>
Mr. LIN Zhong	Interest of controlled corporations <sup>(2)(3)</sup>	958,549,000	62.39%
Mr. LIN Feng	Interest of controlled corporations <sup>(2)(3)</sup>	958,549,000	62.39%
Mr. Zhou Hong Bin	Beneficial owner	29,326,000	1.91%
Mr. Ge Ming	Beneficial owner	1,500,000	0.1%

#### *Notes:*

- (1) As at the Latest Practicable Date, the Company had issued 1,536,400,000 Shares.
- (2) Spectron, which owned 330,000,000 Shares, was a wholly-owned subsidiary of Xu Sheng Limited (“**Xu Sheng**”), which was in turn wholly-owned by CIFI Holdings. CIFI Holdings was ultimately and beneficially held as to 44.88% by the Lin’s Family Trust jointly set up by Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei and the Sun Success Trust set up by Mr. Lin Zhong. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Accordingly, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei were all deemed to be interested in the 330,000,000 Shares held by Spectron.  
  
Elite Force, which owned 440,000,000 Shares, was owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018 in respect of Elite Force. Accordingly, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei were all deemed to be interested in the 440,000,000 Shares held by Elite Force.
- (3) Best Legend, which owned 188,549,000 Shares, was wholly-owned by Mr. Lin Feng. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018 in respect of Best Legend. Accordingly, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei were all deemed to be interested in 188,549,000 Shares held by Best Legend.

*Interest in associated corporations*

Name of Director	Associated corporation	Capacity/ nature of interest	Number of shares	Approximate percentage of shareholding interest
Mr. LIN Zhong <sup>(1)(2)</sup>	CIFI Holdings	Founder of a discretionary trust, co-founder of a discretionary trust and beneficial owner	3,542,737,237	44.93%
Mr. LIN Feng <sup>(2)(3)</sup>	CIFI Holdings	Founder of a discretionary trust, co-founder of a discretionary trust, interest of controlled corporation and beneficial owner	2,560,756,555	32.48%
Mr. Zhou Hong Bin	CIFI Holdings	Beneficial owner	630,000	0.01%
Mr. GE Ming	CIFI Holdings	Beneficial owner	7,854,552	0.10%
Mr. LIN Zhong <sup>(4)</sup>	Xu Sheng	Interest of controlled corporations	1	100%
Mr. LIN Feng <sup>(4)</sup>	Xu Sheng	Interest of controlled corporations	1	100%
Mr. LIN Zhong <sup>(5)</sup>	Spectron	Interest of controlled corporations	1	100%
Mr. LIN Feng <sup>(5)</sup>	Spectron	Interest of controlled corporations	1	100%
Mr. LIN Zhong <sup>(6)</sup>	Elite Force	Beneficial owner	100	100%
Mr. LIN Feng <sup>(6)</sup>	Elite Force	Beneficial owner	100	100%
Mr. LIN Zhong <sup>(7)</sup>	Best Legend	Beneficial owner	1	100%
Mr. LIN Feng <sup>(7)</sup>	Best Legend	Beneficial owner	1	100%

*Notes:*

- (1) 1,193,677,671 issued shares of CIFI Holdings were held by Ding Chang Limited (“**Ding Chang**”). The entire issued share capital of Ding Chang was wholly owned by Eternally Success International Limited, the entire issued share capital of which was in turn held by Standard Chartered Trust (Singapore) Limited (“**Standard Chartered Trust**”) as the trustee of the Sun Success Trust via SCTS Capital Pte. Ltd. (“**SCTS Capital**”). The Sun Success Trust was a discretionary trust set up by Mr. Lin Zhong as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun Success Trust included certain family members of Mr. Lin Zhong. Mr. Lin Zhong as founder of the Sun Success Trust was taken to be interested in the 1,193,677,671 issued shares of CIFI Holdings held by Ding Chang pursuant to Part XV of the SFO.

- (2) 2,341,755,975 issued shares of CIFI Holdings were held by Rosy Fortune Investments Limited (“**Rosy Fortune**”). The entire issued share capital of Rosy Fortune was wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which was in turn held by Standard Chartered Trust as the trustee of the Lin’s Family Trust via SCTS Capital. The Lin’s Family Trust was a discretionary trust set up jointly by Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin’s Family Trust included certain family members of Mr. Lin Zhong and Mr. Lin Feng. Each of Mr. Lin Zhong and Mr. Lin Feng as a co-founder of the Lin’s Family Trust was taken to be interested in the 2,341,755,975 issued shares of CIFI Holdings held by Rosy Fortune pursuant to Part XV of the SFO.
- (3) 211,600,580 issued shares of CIFI Holdings were held by Rain-Mountain Limited (“**Rain-Mountain**”). The entire issued share capital of Rain-Mountain was wholly owned by Beauty Fountain Holdings Limited, the entire issued share capital of which was in turn held by Standard Chartered Trust as the trustee of the Sun-Mountain Trust via SCTS Capital. The Sun-Mountain Trust was a discretionary trust set up by Mr. Lin Feng as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun-Mountain Trust included certain family members of Mr. Lin Feng. Mr. Lin Feng as founder of the Sun-Mountain Trust was taken to be interested in the 211,600,580 issued shares of CIFI Holdings held by Rain-Mountain pursuant to Part XV of the SFO.
- (4) Xu Sheng was wholly owned by CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng were deemed to be interested in the shares of Xu Sheng held by CIFI Holdings.
- (5) Spectron was wholly owned by Xu Sheng, which was a wholly-owned subsidiary of CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng were deemed to be interested in the shares of Spectron held by CIFI Holdings.
- (6) The entire issued share capital of Elite Force was owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei entered into an acting in concert deed on 6 August 2018. Mr. Lin Zhong and Mr. Lin Feng were taken to be interested in the shares of Elite Force pursuant to Part XV of the SFO.
- (7) The entire issued share capital of Best Legend was wholly owned by Mr. Lin Feng. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Mr. Lin Zhong and Mr. Lin Feng were taken to be interested in the shares of Best Legend pursuant to Part XV of the SFO.

Save from disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Interests of Substantial Shareholders**

As at the Latest Practicable Date, to the best knowledge of the Directors, as indicated by the register recording share interests and short positions required to be kept under Section 336 of Part XV of the SFO, the persons (not being Directors or chief executives of the Company) listed in the following table had interest and/or short positions in the Shares or underlying shares of the Company:

*Long positions in the Shares*

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding interest<sup>(1)</sup></b>
Mr. Lin Wei	Interest of controlled corporations <sup>(2)</sup>	958,549,000	62.39%
Elite Force	Beneficial owner	440,000,000	28.64%
Spectron	Beneficial owner	330,000,000	21.48%
Xu Sheng	Interest of controlled corporation <sup>(3)</sup>	330,000,000	21.48%
CIFI Holdings	Interest of controlled corporation <sup>(3)</sup>	330,000,000	21.48%
Best Legend	Beneficial owner	188,549,000	12.27%

*Notes:*

- (1) As at Latest Practicable Date, the Company had issued 1,536,400,000 Shares.
- (2) Please refer to notes (2) and (3) under the paragraph headed “2. Disclosure of Interests — (a) Interests of Directors” above. Accordingly Mr. Lin Wei was deemed to be interested in the 440,000,000 Shares held by Elite Force, the 330,000,000 Shares held by Spectron and the 188,549,000 Shares held by Best Legend.
- (3) Spectron, which owned 330,000,000 Shares, was a wholly-owned subsidiary of Xu Sheng. As Xu Sheng is wholly-owned by CIFI Holdings, both Xu Sheng and CIFI Holdings were deemed to be interested in the 330,000,000 Shares held by Spectron.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company are not aware of any other person (other than the Directors or chief executives of the Company) having an interest or short position in the Shares or underlying Shares which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of SFO.



**3. DIRECTOR'S INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder.

**4. DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**6. DIRECTOR'S INTERESTS IN CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

**7. MATERIAL LITIGATION**

As at the Latest Practicable Date, there were no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

**8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made.

**9. EXPERT AND CONSENT**

The following is the qualification of the expert or professional adviser who has given its opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Red Sun Capital Limited	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2018 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the 2019 CIFI Property Management Services Master Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 15 and 16 of this circular;
- (c) the letter of advice from Red Sun Capital Limited, the text of which is set out on pages 17 to 34 of this circular;

- (d) the written consent of Red Sun Capital Limited as referred to in the section headed “Expert and Consent” in this appendix; and
- (e) this circular.

## **11. MISCELLANEOUS**

This circular and the accompanying proxy form have been prepared in both English and Chinese. In the event of discrepancies, the English text of this circular shall prevail over the Chinese text.

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## NOTICE OF EGM

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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)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Ever Sunshine Lifestyle Services Group Limited (the “**Company**”) will be held at No.2 Conference Room, 9/F., Building 39 Henderson CIFI Centre, 1088 Nong, Shen Hong Road, Minhang District, Shanghai, the PRC on Monday, 30 December 2019 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT**

- (a) the property management services master agreement dated 11 November 2019 entered into between the Company and CIFI Holdings (Group) Co. Ltd. (the “**2019 CIFI Property Management Services Master Agreement**”) and the transactions contemplated thereunder as set out in the circular of the Company (the “**Circular**”) dated 9 December 2019 be and are hereby confirmed and approved;
- (b) the proposed annual caps in relation to the transactions contemplated under the 2019 CIFI Property Management Services Master Agreement for each of the three years ending 31 December 2022 as set out in the Circular be and are hereby approved; and
- (c) the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the 2019 CIFI Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) respectively.”

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

Hong Kong, 9 December 2019

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## NOTICE OF EGM

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*Registered office:*  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong*  
40th Floor, Sunlight Tower  
No. 248 Queen's Road East  
Wanchai, Hong Kong

*Notes:*

- (i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it; a proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, the form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Saturday, 28 December 2019) or any adjournment thereof. The completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish.
- (iv) The register of members of the Company will be closed from Monday, 23 December 2019 to Monday, 30 December 2019, both days inclusive, to determine the entitlement of the shareholders of the Company to attend and vote at the EGM, during which period no share transfers will be registered. All share transfer documents together with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 December 2019.

*As at the date of this circular, 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.*