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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION
OF 50% EQUITY INTERESTS IN THE TARGET COMPANY**

THE ACQUISITION

On 27 February 2020 (after trading hours), Shanghai Yongsheng, being an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors and the Target Company, pursuant to which Shanghai Yongsheng has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Sales Interests, being 50% equity interests in the Target Company for a cash Consideration of RMB8,644,025 (equivalent to approximately HK\$9,508,427.50).

Upon Completion, the Group will be interested in 50% equity interests in the Target Company and is entitled to appoint a majority of the board of directors of the Target Company. Accordingly, the Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Shandong Yongsheng Yinshengtai is an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, Shandong Yongsheng Yinshengtai is beneficially owned as to 50% by Shanghai Yongsheng and 50% by Ningbo Jiangbei respectively, and is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules as its total assets, profits and revenue percentage ratios for the latest financial year (in which Shandong Yongsheng Yinshengtai was established) compared to that of the Group are all less than 10%. Accordingly, although Ms. Jiang indirectly wholly owns Ningbo Jiangbei and is the ultimate controlling shareholder of Qingdao Yinshengtai, the Vendors are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, the Acquisition does not constitute a connected transaction under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 27 February 2020 (after trading hours), Shanghai Yongsheng, being an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendors and the Target Company, pursuant to which Shanghai Yongsheng has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Sales Interests, being 50% equity interests in the Target Company for a cash Consideration of RMB8,644,025 (equivalent to approximately HK\$9,508,427.50).

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are summarised as follows:

Date

27 February 2020 (after trading hours)

Parties

- (1) Qingdao Yinshengtai, as the vendor of 46.67% equity interests in the Target Company;
- (2) Ms. Jiang, as the vendor of 3.33% equity interests in the Target Company;
- (3) Shanghai Yongsheng, an indirect wholly-owned subsidiary of the Company, as purchaser; and
- (4) the Target Company.

Ms. Jiang is the ultimate controlling shareholder of Qingdao Yinshengtai and indirectly wholly owns Ningbo Jiangbei, which is a shareholder of Shandong Yongsheng Yinshengtai, an insignificant subsidiary of the Company. Therefore notwithstanding Ms. Jiang's indirect interest in Shandong Yongsheng Yinshengtai, the Vendors are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as the above, the Vendors and the Target Company and their respective ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

Assets to be acquired

Pursuant to the Acquisition Agreement, Shanghai Yongsheng has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Sales Interests, being 50% equity interests in the Target Company, whereas Qingdao Yinshengtai has conditionally agreed to sell 46.67% equity interests in the Target Company and Ms. Jiang has conditionally agreed to sell 3.33% equity interests in the Target Company.

Consideration

Total consideration and basis of determination

The Consideration for the Acquisition is RMB8,644,025 (equivalent to approximately HK\$9,508,427.50), which was arrived at after arm's length negotiations between the Vendors and Shanghai Yongsheng and was determined with reference to (1) the audited net profit of the Target Company for the year ended 31 December 2019, (2) the status of the existing projects under the Target Company's management and (3) the business prospects of the Target Company and the property management services industry.

The Directors (including the independent non-executive Directors) consider that the Consideration and other terms of the Acquisition are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Consideration comprises:

- (1) the consideration payable by Shanghai Yongsheng to Qingdao Yinshengtai for the acquisition of 46.67% equity interests in the Target Company from Qingdao Yinshengtai in the amount of RMB8,068,332.93 (equivalent to approximately HK\$8,875,166.20); and

- (2) the consideration payable by Shanghai Yongsheng to Ms. Jiang for the acquisition of 3.33% equity interests in the Target Company from Ms. Jiang in the amount of RMB575,692.07 (equivalent to approximately HK\$633,261.30).

Payment Schedule

The Consideration shall be settled by Shanghai Yongsheng in cash using internal resources of the Company and shall be paid according to the following schedule:

(i) Payment of the first instalment

Within 10 Working Days after fulfilment of certain Conditions, Shanghai Yongsheng shall pay an aggregate amount of RMB2,750,000 (equivalent to HK\$3,025,000) (representing approximately 31.81% of the Consideration) to the Vendors, of which RMB2,566,850 (equivalent to HK\$2,823,535) shall be paid to Qingdao Yinshengtai and RMB183,150 (equivalent to HK\$201,465) shall be paid to Ms. Jiang.

(ii) Payment of the second instalment

Within 10 Working Days after fulfilment of certain Conditions, Shanghai Yongsheng shall pay an aggregate amount of RMB5,894,025 (equivalent to HK\$6,483,427.50) (representing approximately 68.19% of the Consideration) to the Vendors, of which RMB5,501,482.93 (equivalent to approximately HK\$6,051,631.20) shall be paid to Qingdao Yinshengtai and RMB392,542.07 (equivalent to approximately HK\$431,796.30) shall be paid to Ms. Jiang.

Conditions Precedent

Payment of the first instalment by Shanghai Yongsheng is conditional upon the fulfilment of the following Conditions:

- (1) each of the Target Company and the Vendors have obtained the requisite approval and authorisation for the Acquisition;
- (2) Shanghai Yongsheng has obtained approval from the board of directors for the Acquisition; and
- (3) the account balances of the Vendors and their related party(ies) with the Target Company have been settled by the end of February 2020.

Payment of the second instalment by Shanghai Yongsheng is conditional upon the fulfilment of the following Conditions:

- (1) within 10 Working Days after the payment of the first instalment, the Target Company and the Vendors have registered the change of Sales Interests in the Target Company with the relevant PRC government authority and the notice of approval of such change in Sales Interests has been provided to Shanghai Yongsheng;
- (2) the Target Company and the Vendors have legally and validly registered the change of legal representative, directors, supervisors and general manager designated by Shanghai Yongsheng with the relevant PRC government authority;
- (3) the Vendors have completed the delivery of the relevant licenses, official seals and keys of the Target Company to Shanghai Yongsheng;
- (4) up to the Equity Transfer Date, there does not exist any judgments, rulings or injunctions, or potential judgments, rulings or injunction that restrict or prohibit the Acquisition from any PRC judicial authority or relevant PRC government authority;
- (5) up to the Equity Transfer Date, there does not exist any mortgage, pledge, lien, asset freezing or encumbrances over the Sales Interests of the Target Company subject to the Acquisition;
- (6) up to the Equity Transfer Date, there is no material adverse change on the financial condition, business, assets, liabilities, prospect or operation of the Target Company; and
- (7) up to the Equity Transfer Date, other than with Shanghai Yongsheng's written consent, the Target Company shall not have any new account balances with the equity holders or related party(ies).

None of the above conditions precedent may be waived by either party to the Acquisition Agreement. If the conditions precedent as stated above have not been satisfied within the time specified in the relevant conditions precedent of the Acquisition Agreement, the Vendors shall pay a compensation amounting to 0.01% of the Consideration for each day of delay to Shanghai Yongsheng. If the above conditions precedent cannot be satisfied within 30 days after the time specified in the relevant conditions precedent of the Acquisition Agreement, Shanghai Yongsheng may terminate the Acquisition Agreement and the transactions contemplated thereunder, and the Vendors shall refund all the instalments paid under the Acquisition Agreement and pay a compensation amounting to 20% of the Consideration to Shanghai Yongsheng.

Completion

Subject to the fulfilment of Conditions stated in the Acquisition Agreement, the Completion shall take place on the Completion Date.

Upon Completion, Shanghai Yongsheng will be interested in 50% equity interests in the Target Company and is entitled to appoint a majority of the board of directors of the Target Company. Accordingly, the Target Company will become an indirect non-wholly owned subsidiary of the Company and its financial results and assets and liabilities will be consolidated into the financial results of the Group.

MANAGEMENT OF THE TARGET COMPANY

Pursuant to the Acquisition Agreement, the board of directors of the Target Company shall consist of five directors, of whom Shanghai Yongsheng shall be entitled to appoint three directors, and Qingdao Yinshengtai shall be entitled to appoint two directors.

In addition, Shanghai Yongsheng is entitled to appoint the general manager, financial controller and human resources director of the Target Company, and the general manager will assume the role of the legal representative of the Target Company and be responsible for the overall management and operation of the Target Company under the guidance of the board of directors. In addition, the Target Company and its staff will be under the business management system of Shanghai Yongsheng or its designated entity.

PROFIT ALLOCATION

Pursuant to the Acquisition Agreement, the Vendors are solely entitled to any undistributed profits of the Target Company which is accrued before 1 March 2020. Any profits of the Target Company which is accrued from 1 March 2020 will be entitled by the then equity holders of the Target Company in proportion to their respective equity holdings.

NON-COMPETITION UNDERTAKING

Pursuant to the Acquisition Agreement, the Vendors undertake that other than investing and/or working in the Target Company and Shandong Yongsheng Yinshengtai (including its subsidiaries), the Vendors and the management of the Target Company delegated by the Vendors will not work for nor establish any enterprises engaging in or undertaking the provision of property management services, and will not take any action which may constitute competition with the Target Company or be prejudicial to the operation and management of the Target Company.

INFORMATION ON THE PARTIES TO THE AGREEMENT

The Vendors

Qingdao Yinshengtai is a limited liability company established in the PRC on 16 February 2004. As at the date of this announcement, Qingdao Yinshengtai holds 96.67% equity interests in the Target Company. It is principally engaged in real estate development and management, financial investment and the provision of wealth management services.

Ms. Jiang indirectly wholly owns Ningbo Jiangbei and is the ultimate controlling shareholder of Qingdao Yinshengtai. As at the date of this announcement, Ms. Jiang holds 3.33% equity interests in the Target Company.

The Purchaser

Shanghai Yongsheng is a limited liability company established in the PRC on 31 May 2002 and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. Its principal business activity is the provision of property management services in the PRC.

The Target Company

Corporate information

The Target Company is a limited liability company established in the PRC on 10 March 2003. As at the date of this announcement, it is held as to 96.67% by Qingdao Yinshengtai and 3.33% by Ms. Jiang. Its principal business activity is the provision of property management services of residential and commercial properties in various cities such as Qingdao, Jinan, Linyi, and Weifang in Shandong Province, the PRC.

Financial information

Set out below is the audited financial information of the Target Company for the years ended 31 December 2018 and 31 December 2019, respectively:

	For the year ended 31 December 2018 <i>(RMB'000)</i>	For the year ended 31 December 2019 <i>(RMB'000)</i>
Revenue	75,590	91,759
Net profit before taxation	5,132	4,907
Net profit after taxation	3,637	3,666

The audited total assets value and net assets value of the Target Company as at 31 December 2019 were approximately RMB41,473,000 and RMB7,304,000, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company is a reputable property management service provider in Shandong Province, the PRC. The Board believes that the Acquisition can further expand the scale and scope of the Group's business operations, increase its market share and enhance its competitiveness in Shandong Province, the PRC, which is in line with the strategic needs of the Group.

The Directors consider that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Shandong Yongsheng Yinshengtai is an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, Shandong Yongsheng Yinshengtai is beneficially owned as to 50% by Shanghai Yongsheng and 50% by Ningbo Jiangbei respectively, and is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules as its total assets, profits and revenue percentage ratios for the latest financial year (in which Shandong Yongsheng Yinshengtai was established) compared to that of the Group are all less than 10%. Accordingly, although Ms. Jiang indirectly wholly owns Ningbo Jiangbei and is the ultimate controlling shareholder of Qingdao Yinshengtai, the Vendors are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, the Acquisition does not constitute a connected transaction under Chapter 14A of the Listing Rules.

Completion of the Acquisition is conditional upon fulfilment of the conditions precedent set out in the Acquisition Agreement. There is no assurance that Completion will take place or as to when it may take place. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of Sales Interests as contemplated under the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 27 February 2020 entered into between Qingdao Yinshengtai and Ms. Jiang as vendors, Shanghai Yongsheng as purchaser and the Target Company in relation to the sale and purchase of 50% equity interests in the Target Company
“Board”	the board of Directors of the Company
“Company”	Ever Sunshine Lifestyle Services Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1995)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the date on which Completion occurs, which is the date of payment of the second instalment by Shanghai Yongsheng
“Conditions”	the conditions precedent to the Completion set out in the Acquisition Agreement
“Consideration”	the consideration for the Sales Interests, being RMB8,644,025
“Directors”	the directors of the Company
“Equity Transfer Date”	the date of registration of the transfer of Sales Interests from the Vendors to Shanghai Yongsheng with the relevant PRC government authority
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of China

“Independent Third Party(ies)”	a person, or in the case of a company, the company of its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associates
“insignificant subsidiary”	has the meaning ascribed to it under Rule 14A.09 of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operating in parallel with GEM of the Stock Exchange
“Ms. Jiang”	姜萍 (Ms. Jiang Ping), who held 3.33% equity interests in the Target Company as at the date of the Acquisition Agreement
“Ningbo Jiangbei”	寧波江北隴楷貿易有限公司 (Ningbo Jiangbei Longkai Trading Limited*), a limited liability company established in the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Qingdao Yinshengtai”	青島銀盛泰集團有限公司 (Qingdao Yinshengtai Group Limited*), a limited liability company established in the PRC which held 96.67% equity interests in the Target Company as at the date of the Acquisition Agreement
“Sales Interests”	50% equity interests in the Target Company held by the Vendors, comprising 46.67% equity interests in the Target Company held by Qingdao Yinshengtai and 3.33% equity interests in the Target Company held by Ms. Jiang
“Shandong Yongsheng Yinshengtai”	山東永升銀盛泰物業管理有限公司 (Shandong Yongsheng Yinshengtai Property Management Limited*), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company

“Shanghai Yongsheng”	上海永升物業管理有限公司 (Shanghai Yongsheng Property Management Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	青島銀盛泰物業服務有限公司 (Qingdao Yinshengtai Property Management Services Limited*), a limited liability company established in the PRC and is wholly owned by the Vendors prior to the Equity Transfer Date
“Vendors”	Qingdao Yinshengtai and Ms. Jiang
“Working Days”	the statutory working days in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

Unless otherwise specified in this announcement, translation of RMB into HK\$ is made in this announcement, for illustration purpose only, at the rate of RMB1 to HK\$1.10. No representation is made that any amount in RMB could have been or could be converted at such rate or any other rates.

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

Hong Kong, 27 February 2020

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

* *For translation and identification purposes only*