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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

**REVISION OF ANNUAL CAP AND
RENEWAL OF PROPERTY MANAGEMENT SERVICES
MASTER AGREEMENT**

**REVISION OF ANNUAL CAP AND RENEWAL OF CONTINUING
CONNECTED TRANSACTION**

The Board announces that on 25 September 2020 (after trading hours), the Company has entered into the Supplemental Property Management Services Master Agreement to revise the existing annual cap for the year ending 31 December 2020 in respect of the transactions contemplated under the 2018 Lin Brothers Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement to renew the transactions contemplated under the corresponding previous agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Ultimate Controlling Shareholders, acting in a consensual manner, are entitled to exercise the voting rights of approximately 56.43% 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. The Ultimate Controlling Shareholders are therefore connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

As one or more of the applicable percentage ratios (excluding the profit ratio) as defined in Rule 14.07 of the Listing Rules for the annual caps contemplated under each of the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements in accordance with Chapter 14A of the Listing Rules.

I. REVISION OF ANNUAL CAP AND RENEWAL OF CONTINUING CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. BACKGROUND

Reference is made to the prospectus of the Company dated 4 December 2018 in respect of, among other things, the 2018 Lin Brothers Property Management Services Master Agreement entered into between the Company and the Ultimate Controlling Shareholders, and the annual caps thereunder.

2. REVISION OF ANNUAL CAP FOR 2020 UNDER THE 2018 LIN BROTHERS PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

Since the COVID-19 outbreak, and due to the business expansion of the Ultimate Controlling Shareholders and their associates (excluding CIFI Group), the Group has been providing additional services to the Ultimate Controlling Shareholders and their associates (excluding CIFI Group). Therefore, the Directors found that the transaction amount under the 2018 Lin Brothers Property Management Services Master Agreement is approaching the existing annual cap for the year ending 31 December 2020.

On 25 September 2020 (after trading hours), the Company entered into the Supplemental Property Management Services Master Agreement with the Ultimate Controlling Shareholders, to revise the existing annual cap for the year ending 31 December 2020 from RMB90.0 million to RMB185.0 million, determined with reference to the historical transaction amount under the 2018 Lin Brothers Property Management Services Master Agreement for the six months ended 30 June 2020, representing an increase of approximately 135.3% as compared to that with the same period in 2019. Save for such revision in the annual cap, other terms of the 2018 Lin Brothers Property Management Services Master Agreement shall remain valid and in full force and effect.

Based on the Company's management account as at 30 June 2020, the total actual transaction amount under the 2018 Lin Brothers Property Management Services Master Agreement amounted to approximately RMB75.6 million. The Board confirms that as at the date of this announcement, the transaction amount for the 2018 Lin Brothers Property Management Services Master Agreement has not exceeded the original annual cap for the year ending 31 December 2020.

3. RENEWAL OF THE 2018 LIN BROTHERS PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

As the 2018 Lin Brothers Property Management Services Master Agreement will be expiring on 31 December 2020 and the Company is expected to carry on the transactions contemplated thereunder upon its expiry, the Company and the Ultimate Controlling Shareholders entered into the 2021 UCS Property Management Services Master Agreement on 25 September 2020 (after trading hours), pursuant to which the Group shall provide property management services to the Ultimate Controlling Shareholders and their associates (excluding CIFI Group), and such associates mainly comprise the joint ventures and associated companies of CIFI Group.

The principal terms of the 2021 UCS Property Management Services Master Agreement are set out as below:

2021 UCS PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

Date: 25 September 2020 (after trading hours)

Parties: (1) the Company

(2) the Ultimate Controlling Shareholders

Scope of service:	Property management services to be provided by the Group, including but without limitation to (i) property management services for unsold properties, car parking lots and the properties held by the Ultimate Controlling Shareholders and their associates (excluding 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 the associates of the Ultimate Controlling Shareholders (excluding 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 2023 (both days inclusive).
Pricing and other terms:	<p>The parties to the 2021 UCS Property Management Services Master Agreement have agreed as follows:</p> <ul style="list-style-type: none"> <li data-bbox="667 1027 1410 1325">(i) the parties shall enter into the Specific Agreements to set out the detailed terms for the relevant transactions contemplated under the 2021 UCS Property Management Services Master Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; <li data-bbox="667 1368 1410 1523">(ii) the Specific Agreements shall conform with the principals and provisions set out in the 2021 UCS 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 2019 and the six months ended 30 June 2020 are as follows:

	For the year ended 31 December 2018 <i>RMB'000</i>	For the year ended 31 December 2019 <i>RMB'000</i>	For the six months ended 30 June 2020 <i>RMB'000</i>
Historical aggregate amount	52,700	75,600	75,600

Annual caps:

Pursuant to the 2021 UCS 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 2021, 2022 and 2023 are as follows:

	For the year ending 31 December 2021 <i>RMB'000</i>	For the year ending 31 December 2022 <i>RMB'000</i>	For the year ending 31 December 2023 <i>RMB'000</i>
Annual cap	190,000	200,000	200,000

The proposed annual caps for the transactions contemplated under the 2021 UCS Property Management Services Master Agreement were determined after considering the following factors:

- (i) the historical transaction amount under the 2018 Lin Brothers Property Management Services Master Agreement;
- (ii) the estimated revenue to be recognised based on the existing signed contracts between the Group and the Ultimate Controlling Shareholders and their associates (excluding CIFI Group);
- (iii) the expected volume of sale, size and number of the properties held by the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) to be managed by the Group based on the total GFA of properties developed by the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) under the Group's management as of 30 June 2020; and

- (iv) the expected demand of the Ultimate Controlling Shareholders and their associates (excluding 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.

II. PRICING POLICY

During the term of the 2021 UCS Property Management Services Master Agreement, the Group shall from time to time enter into the Specific Agreements with the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) for the provision of relevant property management services in accordance with the terms of the 2021 UCS Property Management Services Master Agreement. The Group adopts the following pricing policy to ensure that the terms offered to the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) under the 2021 UCS 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 the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) under the 2021 UCS Property Management Services Master Agreement, the Group would charge the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) at prices based on a standard price list prepared by the Group which is applicable to the Ultimate Controlling Shareholders and their associates (excluding 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 relevant operating departments, and reviewed and approved semi-annually by the heads of relevant operating departments, 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 the Ultimate Controlling Shareholders and their associates (excluding 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 the Ultimate Controlling Shareholders and their associates (excluding 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 heads of the marketing department and the accounting department of the Group, and president of the Group for approval.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT AND THE 2021 UCS PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

Since the COVID-19 outbreak, and due to the business expansion of the Ultimate Controlling Shareholders and their associates (excluding CIFI Group), the Group has been providing additional services to the Ultimate Controlling Shareholders and their associates (excluding CIFI Group). Based on the current estimation by the Group, the original cap of RMB90 million for the year ending 31 December 2020 is not sufficient. In order for the Group to provide the property management services to the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) until

the end of this year, the Group has entered into the Supplemental Property Management Services Master Agreement to revise the annual cap for the year ending 31 December 2020 under the 2018 Lin Brothers Property Management Services Master Agreement with the Ultimate Controlling Shareholders.

As the 2018 Lin Brothers Property Management Services Master Agreement is due to expire on 31 December 2020, the 2021 UCS Property Management Services Master Agreement is being entered to enable the Group to continue to provide property management services to the Ultimate Controlling Shareholders and their associates (excluding CIFI Group), which could result in satisfactory synergy effect and further promote the business growth of the Group.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

IV. 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. 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 2021 UCS Property Management Services Master Agreement.

Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the 2021 UCS 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 2021 UCS 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 2021 UCS 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.

V. INFORMATION ON THE PARTIES TO THE SUPPLEMENTAL PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT AND THE 2021 UCS 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 18 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.

The Ultimate Controlling Shareholders

Other than the Group and the CIFI Group, the Ultimate Controlling Shareholders have invested in the business of property development, property investment, operation of service apartment and educational consultation.

VI. LISTING RULES IMPLICATIONS

As at the date of this announcement, the Ultimate Controlling Shareholders, acting in a consensual manner, are entitled to exercise the voting rights of approximately 56.43% 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. The Ultimate Controlling Shareholders are therefore connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

As one or more of the applicable percentage ratios (excluding the profit ratio) as defined in Rule 14.07 of the Listing Rules for the annual caps contemplated under

each of the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements in accordance with Chapter 14A of the Listing Rules.

VII. BOARD APPROVAL

Save for Mr. Lin Zhong, the executive Director, and Mr. Lin Feng, the non-executive Director, who are the parties to each of the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement, none of the other Directors has or is deemed to have a material interest in the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement and the transactions contemplated respectively thereunder. Mr. Lin Zhong and Mr. Lin Feng are therefore required to abstain, and have abstained, from voting on the relevant Board resolutions.

VIII. GENERAL INFORMATION

The Company will convene the EGM for the purpose of, among other things, considering and if thought fit, approving the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement and the transactions contemplated respectively thereunder.

Voting at the EGM will be conducted by way of poll. Spectron, Best Legend and their respective associates shall abstain from voting on the proposed resolutions approving the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement and the transactions contemplated respectively thereunder at the EGM.

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the terms of the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement and the transactions contemplated respectively thereunder. Red Sun Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further information on the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement and the transactions contemplated respectively thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 October 2020, as additional time is required to finalise the contents of the circular.

IX. DEFINITIONS

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

“2018 Lin Brothers Property Management Services Master Agreement”	the property management services master agreement entered into between the Company and the Ultimate Controlling Shareholders on 22 November 2018
“2021 UCS Property Management Services Master Agreement”	the property management services master agreement entered into between the Company and the Ultimate Controlling Shareholders on 25 September 2020 to renew the transactions contemplated under the 2018 Lin Brothers Property Management Services Master Agreement
“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 Group”	CIFI Holdings and its subsidiaries
“CIFI Holdings”	CIFI Holdings (Group) Co. Ltd. (stock code: 00884), 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 2021 or the date of passing of the resolution by the Independent Shareholders at the EGM (whichever is later)
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held for the purpose of considering and, if thought fit, approving the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor)
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee established by the Board, comprising all the independent non-executive Directors, namely Mr. Ma Yongyi, Mr. Wang Peng and Mr. Cheung Wai Chung, to advise the Independent Shareholders in respect of the continuing connected transactions under the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement
“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 continuing connected transactions under the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution with respect to the Supplemental Property Management Services Master Agreement and the 2021 UCS Property Management Services Master Agreement
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Specific Agreement(s)”	the specific individual agreement(s) that may be entered into between members of the Group and the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) in accordance with the principles and terms of the 2021 UCS Property Management Services Master Agreement
“Spectron”	Spectron Enterprises Limited, a limited liability company incorporated in the BVI and is one of the controlling shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the same meaning as ascribed to it under the Listing Rules
“Supplemental Property Management Services Master Agreement”	the supplemental agreement dated 25 September 2020 and entered into between the Company and the Ultimate Controlling Shareholders, which amended and supplemented the 2018 Lin Brothers Property Management Services Master Agreement
“Ultimate Controlling Shareholders”	Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei
“%”	per cent.

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

Hong Kong, 25 September 2020

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