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 ACQUISITION OF 65% ISSUED SHARE CAPITAL OF THE TARGET COMPANY

INTRODUCTION

The Board is pleased to announce that on 7 January 2021 (after trading hours), Shanghai Yongsheng entered into the Framework Agreement with the Vendor, Mr. Huang, Ms. Wang and Guilin Zhangtai, pursuant to which Shanghai Yongsheng has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, being 65% issued share capital of the Target Company for a cash Consideration of RMB433.875 million, subject to adjustment.

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 all of which are 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.

INTRODUCTION

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THE FRAMEWORK AGREEMENT

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

Date

7 January 2021

Parties

(1) Shanghai Yongsheng as purchaser;

(2) Taixing Holdings Limited as the vendor;

(3) Mr. Huang as one of the guarantors;

(4) Ms. Wang as one of the guarantors; and

(5) Guilin Zhangtai as warrantor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, Guilin Zhangtai and their respective ultimate beneficial owners, Mr. Huang and Ms. Wang are Independent Third Parties as at the date of this announcement.

Assets to be acquired

Pursuant to the Framework Agreement, Shanghai Yongsheng has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, being 65% issued share capital of the Target Company.

Consideration

The Consideration (subject to adjustment) is RMB433.875 million, which was arrived at after arm's length negotiations between the Company and the Vendor and was determined with reference to (1) the Sale Shares; (2) the profit guarantee for the year ended 31 December 2020 set out in the paragraph headed "Profit guarantee and adjustment mechanism"; (3) a price to earnings ratio of 11; (4) 65% of the Reduced Capital in the amount of RMB4.875 million; (5) the status of the existing projects under the Target Group's management; and (6) the business prospects of the Target Group and the property management services industry. The Consideration (subject to adjustment) will be financed by all the Net Proceeds and net proceeds raised from the Subscription for pursuing strategic acquisition and investment opportunities.

Upon execution of the Framework Agreement, (i) the Vendor shall procure to charge 20% equity interest in the Operating Company in favour of Shanghai Yongsheng; (ii) Shanghai Yongsheng shall pay a refundable deposit in the amount of RMB100 million to the nominee designated by the Vendor; and (iii) Shanghai Yongsheng and the Vendor shall jointly complete various administrative and management matters during the period from the date of payment of such refundable deposit up to Completion. Such refundable deposit simply serves the purpose of securing the Acquisition and the execution of the Formal Agreement and shall be fully refunded, without interest, to Shanghai Yongsheng upon Completion.

The Consideration (subject to adjustment) shall be payable by Shanghai Yongsheng (or its designated entity) to the Vendor in US dollars and in the following manner:

(1) as to 50% of which shall be payable by Shanghai Yongsheng (or its designated entity) upon Completion and 32.5% of the Sale Shares shall be charged in favour of the Vendor to secure the payment obligation of Shanghai Yongsheng in respect of the remaining balance of the Consideration (subject to adjustment);

(2) as to 30% of which shall be payable by Shanghai Yongsheng (or its designated entity) during the period from 1 May 2021 to 10 May 2021 and 19.5% of the Sale Shares charged in favour of the Vendor shall be released simultaneously; and

(3) as to 20% of which (together with interest accrued on the unpaid balance of the Consideration at a rate of 8% calculated on a 360-day basis from the date of Completion) shall be payable by Shanghai Yongsheng (or its designated entity) during the period from 1 July 2021 to 10 July 2021 and the remaining 13% of the Sale Shares charged in favour of the Vendor shall be released simultaneously.

Pursuant to the Framework Agreement, Shanghai Yongsheng may elect to pay the remaining 50% of the Consideration at any time after Completion.

Upon completion of the audit of the financial information of the Target Group for the year ended 31 December 2020, the parties to the Framework Agreement shall execute the Formal Agreement to determine the adjusted Consideration. Further announcement will be made upon execution of the Formal Agreement.

Profit guarantee and adjustment mechanism

Pursuant to the Framework Agreement, the Vendor, Mr. Huang and Ms. Wang, on a joint and several basis, irrevocably warrant and guarantee to Shanghai Yongsheng that the Audited Net Profit will not be less than RMB60 million. The Consideration shall be adjusted as per the following formula:

Adjusted Consideration = the Audited Net Profit x a price to earnings ratio of 11 x 65% Sale Shares + 65% of the Reduced Capital in the amount of RMB4.875 million

The adjusted Consideration is subject to a ceiling of RMB596.895 million and a floor of RMB270.855 million calculated with reference to:

Ceiling = RMB60 million x a price to earnings ratio of 11 x 138% x 65% Sale Shares + 65% of the Reduced Capital in the amount of RMB4.875 million

Floor = RMB60 million x a price to earnings ratio of 11 x 62% x 65% Sale Shares + 65% of the Reduced Capital in the amount of RMB4.875 million

The Company and the Vendor shall jointly nominate auditors to complete the consolidated audited accounts of the Target Group for the year ended 31 December 2020. The adjusted Consideration will be determined in the Formal Agreement upon completion of the audit of the financial information of the Target Group for the year ended 31 December 2020.

The Directors consider that the Consideration (including the price to earnings ratio of 11 and the adjustment mechanism) 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.

Formal Agreement

The adjusted Consideration shall be determined in the Formal Agreement. Pursuant to the Framework Agreement, execution of the Formal Agreement is subject to the following conditions:

(a) Shanghai Yongsheng having satisfied the due diligence review conducted on the legal and financial aspects of the Target Group;

(b) the Reorganisation having been completed;

(c) the registered capital and statutory reserve of the Operating Company having been reduced to RMB5 million and RMB2.5 million respectively;

(d) all the current account balance among the Vendor, the Target Group, Guilin Zhangtai and their respective connected entities having been settled; and

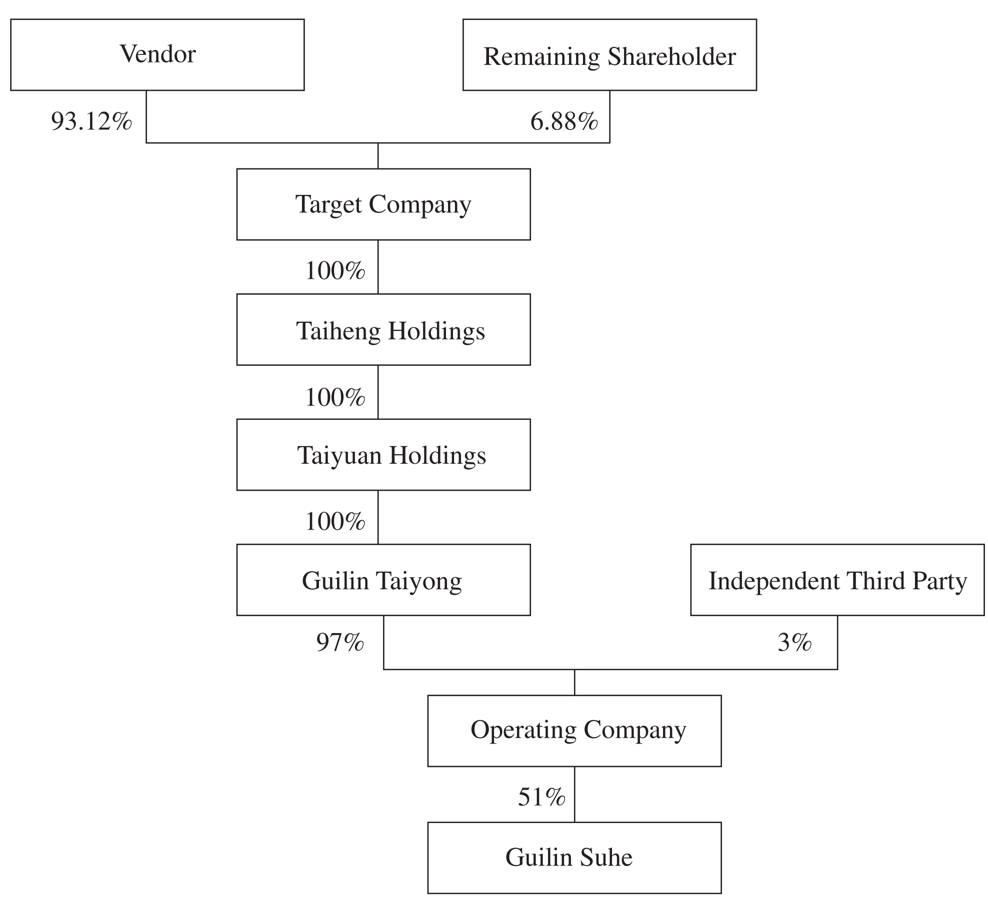
(e) the Remaining Shareholder having waived its pre-emptive right to acquire all the Sale Shares.

None of the above conditions precedent may be waived by either parties to the Framework Agreement. The Formal Agreement shall be executed within three months from the date of the Framework Agreement.

If the condition precedent (a) as stated above has not been satisfied by Shanghai Yongsheng, Shanghai Yongsheng may terminate the Framework Agreement and the transactions contemplated thereunder and the Vendor shall refund the refundable deposit paid under the Framework Agreement in full without interest to Shanghai Yongsheng within 5 Working Days and Shanghai Yongsheng and the Vendor shall forthwith procure to release the 20% equity interest of the Operating Company charged in favour of Shanghai Yongsheng.

Reorganisation

As at the date of the Framework Agreement, the corporate structure of the Target Group is as follow:



Pursuant to the Framework Agreement, the Vendor shall undertake the Reorganisation by transferring 3% equity interest in the Operating Company held by an Independent Third Party to an entity designated by the Target Company. Upon completion of the Reorganisation, the Operating Company will become an indirect wholly-owned subsidiary of the Target Company. The finalised corporate structure of the Target Group will be set out in the further announcement in relation to the Formal Agreement.

Completion

Completion shall take place within 5 Working Days from the date of execution of the Formal Agreement. Upon Completion, the Group will be interested in 65% issued share capital of the Target Company and the Target Group will become non-wholly owned subsidiaries of the Company. The financial results of the Target Group will be consolidated into the Group's financial statements.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Group is a reputable property management service provider in Guangxi Zhuang Autonomous Region, 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 Guangxi Zhuang Autonomous Region, the PRC, which is in line with the strategic needs of the Group.

Having considered the nature of and the benefits resulting from the Acquisition, the Directors believe that the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP

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

INFORMATION OF THE VENDOR, MR. HUANG, MS. WANG AND GUILIN ZHANGTAI

The Vendor is a company incorporated in the BVI with limited liability and is an investment holding company. As at the date of this announcement, the Vendor was owned as to 62% by Mr. Huang and 38% by Ms. Wang.

Mr. Huang and Ms. Wang are the ultimate beneficial owners of the Target Company. Ms. Wang is the spouse of Mr. Huang.

Guilin Zhangtai is a company established in the PRC with limited liability and is principally engaged in property development business. As at the date of this announcement, Guilin Zhangtai was ultimately and beneficially owned as to 80% by Mr. Huang and 20% by Ms. Wang.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the Cayman Islands with limited liability and is an investment holding company.

As at the date of this announcement, the Target Company has 2 non-wholly owned subsidiaries; 3 wholly owned subsidiaries; and 17 branches to manage and operate property management projects. Corporate structure of the Target Group as at the date of this announcement is set out in the paragraph headed “Reorganisation” above.

Taiheng Holdings is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company.

Taiyuan Holdings is a company incorporated in Hong Kong with limited liability and is an investment holding company.

Guilin Taiyong is a wholly foreign owned enterprise established in the PRC with limited liability and is an investment holding company.

The Operating Company is a company established in the PRC with limited liability and is principally engaged in the provision of property management services in the PRC.

Guilin Suhe is a company established in the PRC with limited liability and is principally engaged in the provision of property management services in the PRC.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the consolidated unaudited financial information of the Target Group for the financial years ended 31 December 2018, 2019 and six months ended 30 June 2020, respectively:

	For the financial year ended 31 December		For the six months ended 30 June
	2018	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
Revenue	162,912	193,314	107,925
Net profit before taxation	47,587	61,195	42,166
Net profit after taxation	40,472	51,518	35,619

Based on the consolidated unaudited financial information of the Target Group, the total assets value and net assets value of the Target Group were approximately RMB388,659,000 and RMB99,821,000 respectively as at 30 June 2020.

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 all of which are 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.

Completion of the Acquisition is conditional upon fulfilment of the conditions precedent set out in the Framework 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 Sale Shares as contemplated under the Framework Agreement
"Audited Net Profit"	the audited net profit attributable to owners of the Target Company after taxation and excluding extraordinary items of the Target Group as to be shown in the audited consolidated accounts of the Target Group for the year ended 31 December 2020
"Board"	the board of Directors
"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 Framework Agreement
"connected person(s)"	has the meaning as ascribed to it under the Listing Rules
"Consideration"	the consideration for the Sale Shares, being RMB433.875 million (subject to adjustment)
"Directors"	the directors of the Company
"Formal Agreement"	the formal agreement to be entered into among Shanghai Yongsheng, the Vendor, Mr. Huang, Ms. Wang and Guilin Zhangtai to determine the adjusted Consideration
"Framework Agreement"	the framework agreement entered into among Shanghai Yongsheng, the Vendor, Mr. Huang, Ms. Wang and Guilin Zhangtai dated 7 January 2021 in respect of the Acquisition
"Group"	the Company and its subsidiaries

"Guilin Suhe"	桂林彰泰溯禾物業服務有限公司 (Guilin Zhangtai Suhe Property Services Company Limited*), a company established in the PRC with limited liability and is owned as to 51% by the Operating Company and 49% by an Independent Third Party
"Guilin Taiyong"	桂林泰永信息諮詢有限責任公司 (Guilin Taiyong Information Consulting Company Limited*), a wholly owned foreign enterprise established in the PRC with limited liability and is an indirect wholly owned subsidiary of the Target Company
"Guilin Zhangtai"	桂林彰泰實業集團有限公司 (Guilin Zhangtai Industrial Group Company Limited*), a company established in the PRC with limited liability, which is ultimately and beneficially owned as to 80% by Mr. Huang and as to 20% by Ms. Wang
"Hong Kong"	the Hong Kong Special Administration Region of the PRC
"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
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Huang"	Mr. Huang Haitao
"Ms. Wang"	Ms. Wang Chunlin, the spouse of Mr. Huang
"Net Proceeds"	the net proceeds raised by the Company from the listing of the Shares on the Main Board of the Stock Exchange and the partial exercise of an over-allotment option as detailed in the announcement of the Company dated 7 January 2019 for pursuing strategic acquisition and investment opportunities with a remaining balance of approximately HK$160.2 million as disclosed in the interim report of the Company for the six months ended 30 June 2020

“Operating Company”	廣西彰泰物業服務集團有限公司 (Guangxi Zhangtai Property Services Group Company Limited*), a company established in the PRC with limited liability and is owned as to 97% by Guilin Taiyong and 3% by an Independent Third Party as at the date of this announcement
“PRC”	the People’s Republic of China
“Reduced Capital”	the registered capital and statutory reserve of the Operating Company in the amount of RMB5 million and RMB2.5 million respectively after reducing RMB15.6 million from its existing registered capital and RMB7.8 million from its existing statutory reserve
“Remaining Shareholder”	Taitao Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is indirectly wholly owned by Mr. Huang
“Reorganisation”	the transfer of the 3% equity interest in the Operating Company held by an Independent Third Party to an entity designated by the Target Company such that upon completion of which, the Operating Company shall become an indirect wholly owned subsidiary of the Target Company
“Sale Shares”	472,875 issued shares of the Target Company held by the Vendor, being 65% of the issued share capital of the Target Company
“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
“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
“Subscription”	the subscription of 134,000,000 new Shares as disclosed in the announcement of the Company dated 4 June 2020

"Taiheng Holdings"	Taiheng Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Target Company
"Taiyuan Holdings"	Taiyuan Holdings Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Target Company
"Target Company"	Zhangtai Service Group Company Limited (彰泰服務集團有限公司), a company incorporated in the Cayman Islands with limited liability and is owned as to 93.12% by the Vendor and 6.88% by the Remaining Shareholder as at the date of this announcement
"Target Group"	the Target Company and its subsidiaries
"Vendor"	Taixing Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 62% by Mr. Huang and 38% by Ms. Wang
"Working Day(s)"	any day which banks in the PRC are open for business, except Saturdays, Sundays and statutory holidays as announced by the PRC government
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent

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

Hong Kong, 7 January 2021

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.

* *for identification purposes only*