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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
CONTINUING CONNECTED TRANSACTION**

**I. REVISION OF EXISTING ANNUAL CAP OF THE CIFI SALES
AGENCY SERVICES FRAMEWORK AGREEMENT;**

**II. UCS SALES AGENCY SERVICES
FRAMEWORK AGREEMENT;**

**III. CIFI MERCHANDISE PROCUREMENT
FRAMEWORK AGREEMENT; AND**

**IV. UCS MERCHANDISE PROCUREMENT
FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 22 April 2021 (the “**Announcement**”) in respect of, among other things, the Supplemental Agreement, the UCS Sales Agency Services Framework Agreement, the CIFI Merchandise Procurement Framework Agreement and the UCS Merchandise Procurement Framework Agreement (collectively referred to as the “**Agreements**”). Unless otherwise stated herein, capitalized terms used in this announcement shall have the same meaning as defined in the Announcement.

The Company wishes to inform the Shareholders and potential investors of the Company the following additional information relating to (1) the relevance of services to be provided under the CIFI Merchandise Procurement Framework Agreement and the UCS Merchandise Procurement Framework Agreement to the principal business activities of the Company and that the Company has also provided similar services to Independent Third Parties; (2) the pricing basis for the provision of services under each of the Agreements; and (3) the aggregated size of transactions under the Agreements.

Relevance of the CIFI Merchandise Procurement Framework Agreement and the UCS Merchandise Procurement Framework Agreement to the Group

The Group is a property management service provider offering a comprehensive portfolio, with three business lines, namely property management services, community value-added services and value-added services to non-property owners, covering the entire value chain of property management.

The Group procures and provides comprehensive goods and related value-added services under the business line of community value-added services. The Company considers that entering into each of the CIFI Merchandise Procurement Framework Agreement and the UCS Merchandise Procurement Framework Agreement helps raise the Group's income from community value-added services, which will thereby increase the total revenue and improve the profitability of the Group, and is in conformity with the Group's strategic development needs. The Company has also provided such merchandise procurement services to Independent Third Parties as well.

The Directors (including the independent non-executive Directors) consider that each of the CIFI Merchandise Procurement Framework Agreement and the UCS Merchandise Procurement Framework Agreement is on normal commercial terms or better, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pricing policies

Sales Agency Services

During the term of each of the Supplemental Agreement and the UCS Sales Agency Services Framework Agreement, members of the Group may from time to time enter into specific agreements with members of CIFI Group and the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) (as the case may be) for the

provision of sales agency services in accordance with the principal terms of each of the Supplemental Agreement and the UCS Sales Agency Services Framework Agreement (as the case may be). In relation to the sales agency services, the Group adopts the following pricing policy for each of such specific agreements:

- (a) each specific agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;
- (b) the relevant member of the Group shall conduct market research on (if available) three Independent Third Parties in the surrounding areas of the relevant property project and make reference to the prevailing prices charged by such Independent Third Parties for providing similar services to ensure that the transaction price is no less favorable to the Group than those available from Independent Third Parties;
- (c) the Group will also determine the price by making reference to (if available) other market reference prices such as prices of similar transactions conducted by other property management companies in the PRC which the Group considers to be matching, fair and competitive, to ensure the relevant fees would not be lower than those charged by Independent Third Parties;
- (d) the range of commission rate to be charged to the services under each specific agreement shall be from 2% to 10%; and
- (e) should there be any material discrepancies between the price charged by the Group and that charged by Independent Third Parties, the price chargeable by the Group will be adjusted accordingly.

Merchandise Procurement

During the term of each of the CIFI Merchandise Procurement Framework Agreement and the UCS Merchandise Procurement Framework Agreement, members of the Group may from time to time enter into specific agreements with members of CIFI Group and the Ultimate Controlling Shareholders and their associates (excluding CIFI Group) (as the case may be) for the provision of (i) various kinds of goods relating to its operational needs, including but not limited to gifts, smart home appliances, lightings, furniture and other relevant goods and (ii) related value-added services including but not limited to merchandise procurement services in accordance with the needs of CIFI Group's projects, coordination with goods suppliers, arrangement of goods orders and delivery, storage and installation of relevant goods as required in accordance with the principal terms of each of the CIFI

Merchandise Procurement Framework Agreement and the UCS Merchandise Procurement Framework Agreement. The Group adopts the following pricing policy for each of such specific agreements:

- (a) each specific agreement will be negotiated on an arm's length basis to ensure the relevant pricing terms are fair and reasonable and on normal commercial terms;
- (b) the prices for the goods will be determined with reference to the prevailing market prices of same or similar goods, which will be determined through periodic price researches conducted by the staff of the business department of the Company by obtaining the prices of goods charged by at least three Independent Third Parties in the market for goods comparable to the goods supplied under each of the CIFI Merchandise Procurement Framework Agreement and the UCS Merchandise Procurement Framework Agreement;
- (c) the relevant personnel of the business department of the Company will regularly update the market prices for the purpose of considering if the prices charged for specific transactions are fair and reasonable and in accordance with the Company's pricing policy;
- (d) taking into account the cost of the goods and related value-added services, a reasonable mark-up rate no more than 30% regarding the procurements under each specific agreement shall be charged; and
- (e) should there be any material discrepancies between the price charged by the Group and that charged by Independent Third Parties, the price chargeable by the Group will be adjusted accordingly.

Listing Rules Implications

As the highest applicable percentage ratio (other than the profit ratio) as defined under the Listing Rules in respect of the revised annual cap under the Supplemental Agreement and the proposed highest annual cap for the UCS Sales Agency Services Framework Agreement, on an aggregate basis, exceeds 0.1% but is less than 5%, the transactions contemplated under the Supplemental Agreement and the UCS Sales Agency Services Framework Agreement are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular and independent shareholders' approval requirements.

As the highest applicable percentage ratio (other than the profit ratio) as defined under the Listing Rules in respect of the proposed highest annual caps for the CIFI Merchandise Procurement Framework Agreement and UCS Merchandise Procurement Framework Agreement, on an aggregate basis, exceeds 0.1% but is less than 5%, the transactions contemplated under the CIFI Merchandise Procurement Framework Agreement and UCS Merchandise Procurement Framework Agreement are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular and independent shareholders' approval requirements.

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

Hong Kong, 3 June 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.