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CIFI Ever Sunshine Services Group Limited

旭辉永升服务集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1995)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

- (1) 2023 MACALLINE PROPERTY SERVICE FRAMEWORK AGREEMENT;
AND
(2) 2023 LONGZHIHUI CLEANING SERVICE FRAMEWORK AGREEMENT**

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 28 December 2023 (after trading hours), Shanghai Macalline (an indirect non-wholly owned subsidiary of the Company) has entered into the (1) 2023 Macalline Property Service Framework Agreement; and (2) 2023 Longzhihui Cleaning Service Framework Agreement for a term commencing from 1 January 2024 to 31 December 2026 to renew the transactions contemplated under the corresponding previous agreements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Macalline is an indirect non-wholly owned subsidiary of the Company, and is owned as to 80% by the Group and 20% by Wuhan Red Star Macalline, which is in turn a wholly-owned subsidiary of Red Star Macalline. Therefore, Red Star Macalline is a substantial shareholder of a subsidiary of the Company and a connected person of the Company at the subsidiary level. As at the date of this announcement, Longzhihui Shanghai is a subsidiary of Red Star Macalline. Therefore, Longzhihui Shanghai is an associate of Red Star Macalline and also a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under each of the New Framework Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio in respect of the highest annual cap under the 2023 Macalline Property Service Framework Agreement is higher than 25% but all of the applicable percentage ratios are less than 75%; whereas the highest applicable percentage ratio in respect of the highest annual cap under the 2023 Longzhihui Cleaning Service Framework Agreement is higher than 0.1% but all of the applicable percentage ratios are less than 5%. Under Rule 14A.101 of the Listing Rules, as (i) each of Red Star Macalline and Longzhihui Shanghai is a connected person of the Company at the subsidiary level only; (ii) the Board has approved the transactions contemplated under the New Framework Agreements; and (iii) the independent non-executive Directors have confirmed that the terms of the New Framework Agreements are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the New Framework Agreements are only subject to the reporting and announcement requirements, and are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 30 November 2021 in relation to, among other things, the 2021 Macalline Property Service Framework Agreement and the 2021 Longzhihui Cleaning Service Framework Agreement entered into by Shanghai Macalline (an indirect non-wholly owned subsidiary of the Company), and the annual caps thereunder.

As the 2021 Macalline Property Service Framework Agreement and the 2021 Longzhihui Cleaning Service Framework Agreement will be expiring on 31 December 2023 and the Group is expected to carry on the transactions contemplated thereunder upon their respective expiry, on 28 December 2023 (after trading hours), Shanghai Macalline entered into (i) the 2023 Macalline Property Service Framework Agreement with Red Star Macalline; and (ii) the 2023 Longzhihui Cleaning Service Framework Agreement with Longzhihui Shanghai (i.e. the New Framework Agreements).

The principal terms of each of the New Framework Agreements are set out as below:

(1) 2023 MACALLINE PROPERTY SERVICE FRAMEWORK AGREEMENT

Date: 28 December 2023 (after trading hours)

Parties: (1) Shanghai Macalline; and

(2) Red Star Macalline.

Scope of service:	The Shanghai Macalline Group will provide the Red Star Macalline Group with property management services for the furnishing shopping malls in the PRC which are operated by the Red Star Macalline Group and certain designated properties held by or used by the Red Star Macalline Group, including (i) property management services for the properties which are operated by or held by the Red Star Macalline Group; (ii) pre-delivery cleaning and house inspection services for the properties operated by the Red Star Macalline Group; and (iii) other value-added and related services such as additional security, cleaning, greening, as well as repair and maintenance services.
Term:	For a term commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive).
Pricing and other terms:	<p>The parties to the 2023 Macalline Property Service Framework Agreement have agreed as follows:</p> <ul style="list-style-type: none"> <li data-bbox="667 938 1410 1172">(i) the parties shall enter into the specific agreements to set out the detailed terms for the relevant transactions contemplated under the 2023 Macalline Property Service Framework Agreement after arm's length negotiations on normal commercial terms; <li data-bbox="667 1208 1410 1364">(ii) the specific agreements shall conform with the principles and provisions (including pricing provision) set out in the 2023 Macalline Property Service Framework Agreement; <li data-bbox="667 1400 1410 1872">(iii) fees for the property management services to be provided by the Shanghai Macalline Group shall be determined in the specific agreements and should be set, after arm's length negotiations with reference to the prevailing market price (taking into consideration the location of the property, the condition of the property and the scope of the property management services required) and the price charged by the Shanghai Macalline Group when providing similar services to the Independent Third Parties; and

(iv) the terms and conditions of the specific agreements (including price) offered by the Shanghai Macalline Group to the Red Star Macalline Group shall be no less favourable to the Shanghai Macalline Group than those being offered by the Shanghai Macalline Group to the Independent Third Parties for similar services.

Historical transaction amounts:

The historical aggregate amount of service fees received by Shanghai Macalline Group in respect of its provision of property management services to the Red Star Macalline Group for the two months ended 31 December 2021, the year ended 31 December 2022 and the nine months ended 30 September 2023 are as follows:

For the two months ended 31 December 2021 <i>RMB'000</i>	For the year ended 31 December 2022 <i>RMB'000</i>	For the nine months ended 30 September 2023 <i>RMB'000</i>
97,100	580,600	464,200

Existing annual caps:

Pursuant to the 2021 Macalline Property Service Framework Agreement, the annual caps for the transactions contemplated thereunder for the two months ended 31 December 2021 and the two years ending 31 December 2023 are as follows:

	For the two months ending 31 December 2021 <i>RMB'000</i>	For the year ended 31 December 2022 <i>RMB'000</i>	For the year ending 31 December 2023 <i>RMB'000</i>
Existing annual caps	100,000	650,000	700,000

Proposed annual caps: Pursuant to the 2023 Macalline Property Service Framework Agreement, the proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2026 are as follows:

	For the year ending 31 December 2024 <i>RMB'000</i>	For the year ending 31 December 2025 <i>RMB'000</i>	For the year ending 31 December 2026 <i>RMB'000</i>
Proposed annual caps	650,000	700,000	750,000

In determining the annual caps, the Directors have considered the following factors:

- (i) the historical transaction amounts in respect of the provision of property management services by the Shanghai Macalline Group to the Red Star Macalline Group;
- (ii) the estimated revenue to be recognized based on the existing signed property management services contracts entered into by the Shanghai Macalline Group with the 66 home furnishing shopping malls operated by the Red Star Macalline Group as at 30 June 2023;
- (iii) the expected demand of the Red Star Macalline Group for the property management services to be provided by the Shanghai Macalline Group and the scope and standard of such services, with reference to the estimated number, size and location of new shopping mall projects and other properties of the Red Star Macalline Group to be under the management of the Shanghai Macalline Group; and
- (iv) the prevailing market price for the provision of property management services.

(2) 2023 LONGZHIHUI CLEANING SERVICE FRAMEWORK AGREEMENT

- Date:** 28 December 2023 (after trading hours)
- Parties:** (1) Shanghai Macalline; and
(2) Longzhihui Shanghai.
- Scope of service:** The Shanghai Macalline Group shall, in accordance with its business operation needs, entrust the Longzhihui Shanghai Group to provide cleaning services to the Shanghai Macalline Group including (i) cleaning services with respect to all public areas, passages and elevators of the projects under the management of the Shanghai Macalline Group; (ii) cleaning services with respect to the rooftop area, building peripheries, road surfaces in parking lots, green belts, drainage ditches and various ancillary facilities of rooftop areas, building peripheries and parking lots of the projects under the management of the Shanghai Macalline Group; and (iii) other cleaning services required by the Shanghai Macalline Group on an ad-hoc basis.
- Term:** For a term commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive).
- Pricing and other terms:** The parties to the 2023 Longzhihui Cleaning Service Framework Agreement have agreed as follows:
- a. the parties shall enter into the specific agreements to set out the detailed terms for the relevant transactions contemplated under the 2023 Longzhihui Cleaning Service Framework Agreement after arm's length negotiations on normal commercial terms;
 - b. the specific agreements shall conform with the principles and provisions (including pricing provision) set out in the 2023 Longzhihui Cleaning Service Framework Agreement;

- c. fees for the cleaning services to be provided by the Longzhihui Shanghai 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 projects under management, the local salary level and the scope of the cleaning services) and the price charged by other service providers who are Independent Third Parties when providing similar services to the Shanghai Macalline Group; and
- d. the terms and conditions of the specific agreements (including price) offered by the Longzhihui Shanghai Group to the Shanghai Macalline Group shall be no less favourable to the Shanghai Macalline Group than those being offered by the Independent Third Parties to the Shanghai Macalline Group for similar services.

Historical transaction amounts:

The historical aggregate amount of service fees paid by the Shanghai Macalline Group in respect of its provision of cleaning services by the Longzhihui Shanghai Group for the two months ended 31 December 2021, the year ended 31 December 2022 and the nine months ended 30 September 2023 are as follows:

For the two months ended 31 December 2021 <i>RMB'000</i>	For the year ended 31 December 2022 <i>RMB'000</i>	For the nine months ended 30 September 2023 <i>RMB'000</i>
10,800	69,100	45,600

Existing annual caps: Pursuant to the 2021 Longzhihui Cleaning Service Framework Agreement, the annual caps for the transactions contemplated thereunder for the two months ending 31 December 2021 and the two years ending 31 December 2023 are as follows:

	For the two months ended 31 December 2021 <i>RMB'000</i>	For the year ended 31 December 2022 <i>RMB'000</i>	For the year ended 31 December 2023 <i>RMB'000</i>
Existing annual caps	12,000	93,000	105,000

Proposed annual caps: Pursuant to the 2023 Longzhihui Cleaning Service Framework Agreement, the proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2026 are as follows:

	For the year ending 31 December 2024 <i>RMB'000</i>	For the year ending 31 December 2025 <i>RMB'000</i>	For the year ending 31 December 2026 <i>RMB'000</i>
Proposed annual caps	74,000	80,000	86,000

In determining the annual caps, the Directors have considered the following factors:

- (i) the historical transaction amounts in respect of the provision of cleaning services by the Longzhihui Shanghai Group to the Shanghai Macalline Group;
- (ii) the expected demand of the Shanghai Macalline Group for the cleaning services to be provided by the Longzhihui Shanghai Group and the scope and standard of such services, with reference to the existing projects under the management of the Shanghai Macalline Group and the estimated number and size of the new project to be under the management of the Shanghai Macalline Group; and
- (iii) the prevailing market price for the provision of cleaning services.

PRICING POLICY

The Group adopts the following pricing policy to ensure that (in respect of the transactions contemplated under the 2023 Macalline Property Service Framework Agreement) the terms offered by the Shanghai Macalline Group to the Red Star Macalline Group thereunder are on normal commercial terms and shall not be less favourable to the Shanghai Macalline Group than those offered by the Shanghai Macalline Group to Independent Third Parties for similar services and (in respect of the transactions contemplated under the 2023 Longzhihui Cleaning Service Framework Agreement) the terms offered by the Longzhihui Shanghai Group to the Shanghai Macalline Group shall be on normal commercial terms and shall not be less favourable to the Shanghai Macalline Group than those being offered by the Independent Third Parties to the Shanghai Macalline Group for similar services:

- (a) For property management services to be provided by the Shanghai Macalline Group, the Group would charge the Red Star Macalline Group at prices which is applicable to the Red Star Macalline Group as well as Independent Third Parties after taking into account:
 - (i) the Group's other contemporaneous transactions of similar services (comparable 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 at least three other property management companies in the PRC of similar transactions with Independent Third Parties.

After the information is collected, relevant operation department of the Shanghai Macalline Group would determine a price to be offered to the Red Star Macalline Group which would not be less than the prices offered to the Independent Third Parties by the Shanghai Macalline Group. Relevant information together with the specific agreement will be submitted to the heads of the operation department and the finance department of the Shanghai Macalline Group, and general manager of the Shanghai Macalline Group for approval.

- (b) For cleaning services to be provided by the Longzhihui Shanghai Group, the Group would invite quotations from at least three Independent Third Parties for the provision of the same or similar services with comparable scope and quality under normal commercial terms in the ordinary course of business of such Independent Third Parties.

INTERNAL CONTROL MEASURES

The pricing policy for all the continuing connected transactions of Group will be supervised and monitored by the relevant personnel and management of the Group in charge 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 Shanghai Macalline will review and assess the terms before entering into the specific agreements to ensure they are consistent with the principal terms and provisions set out in the relevant New Framework Agreements.

Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of their respective agreements 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 review the transactions contemplated under the New Framework Agreements, and the auditors of the Company will also report on the Group's continuing connected transactions (including the transactions contemplated under the New Framework Agreements) in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the New Framework Agreements will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FRAMEWORK AGREEMENTS

Shanghai Macalline and Xingyue Property have been providing the Red Star Macalline Group with property management services since 2021. The Board believes that the continuation of the provision of the property management services to the Red Star Macalline Group would allow the Shanghai Macalline Group to make use of its existing strength and experience in shopping malls property management to generate

stable business revenue. It is expected that the continuous cooperation between the Shanghai Macalline Group and the Red Star Macalline Group could result in satisfactory synergy effect and further promote the business growth of the Shanghai Macalline Group.

The Longzhihui Shanghai Group specializes in professional cleaning and has been providing cleaning services to the Shanghai Macalline and Xingyue Property since 2021. The Board believes that the continued engagement of the Longzhihui Shanghai Group by the Shanghai Macalline Group for the provision of cleaning services on normal commercial terms would enable the Shanghai Macalline Group to ensure the quality of cleaning services provided to the projects under the management the Shanghai Macalline Group in an efficient manner and is therefore beneficial to the Shanghai Macalline Group.

The Directors (including the independent non-executive Directors) consider that the terms of each of the New Framework Agreements are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Shanghai Macalline

Shanghai Macalline is a company established in the PRC with limited liability. It is an indirect non-wholly owned subsidiary of the Company, owned as to 80% by the Group and 20% by Wuhan Red Star Macalline. It principally engages in the business of provision of property management services to furnishing shopping malls.

Red Star Macalline

Red Star Macalline is a sino-foreign joint stock company established in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 1528) and whose A shares are listed on the Shanghai Stock Exchange (stock code: 601828).

Red Star Macalline together with its subsidiaries is a leading home improvement and furnishing shopping mall operator in China and principally engages in the operation of shopping malls, construction and design, sales of merchandise and related services businesses.

Longzhihui Shanghai

Based on public information available, Longzhihui Shanghai is an indirect 59%-owned subsidiary of Red Star Macalline and principally engages in the provision of professional cleaning, washing, disinfecting and housekeeping services;

while the remaining equity interest in Longzhihui Shanghai is held as to 21% by Shanghai Liaokai Enterprise Management Consulting Service Center* (上海療凱企業管理諮詢服務中心) whose ultimate beneficial owners are Zhang Yanqi and Zhao Dianfei, and 20% by Shanghai Liaoman Enterprise Management Consulting Service Center* (上海療曼企業管理諮詢服務中心) whose ultimate beneficial owners are Zhou Qun and Li Yanhong, all of whom are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Independent Third Parties as at the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Macalline is an indirect non-wholly owned subsidiary of the Company, and is owned as to 80% by the Group and 20% by Wuhan Red Star Macalline, which is in turn a wholly-owned subsidiary of Red Star Macalline. Therefore, Red Star Macalline is a substantial shareholder of a subsidiary of the Company and a connected person of the Company at the subsidiary level. As at the date of this announcement, Longzhihui Shanghai is a subsidiary of Red Star Macalline. Therefore, Longzhihui Shanghai is an associate of Red Star Macalline and also a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under each of the New Framework Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio in respect of the highest annual cap under the 2023 Macalline Property Service Framework Agreement is higher than 25% but all of the applicable percentage ratios are less than 75%; whereas the highest applicable percentage ratio in respect of the highest annual cap under the 2023 Longzhihui Cleaning Service Framework Agreement is higher than 0.1% but all of the applicable percentage ratios are less than 5%. Under Rule 14A.101 of the Listing Rules, as (i) each of Red Star Macalline and Longzhihui Shanghai is a connected person of the Company at the subsidiary level only; (ii) the Board has approved the transactions contemplated under the New Framework Agreements; and (iii) the independent non-executive Directors have confirmed that the terms of the New Framework Agreements are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the New Framework Agreements are only subject to the reporting and announcement requirements, and are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD APPROVAL

None of the Directors has or is deemed to have a material interest in the transactions contemplated under the New Framework Agreements. Therefore, no Director is required to abstain from voting on the relevant Board resolutions for approving the New Framework Agreements.

DEFINITIONS

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

“2021 Longzhihui Cleaning Service Framework Agreement”	the cleaning service outsourcing framework agreement dated 30 November 2021 entered into between Shanghai Macalline and Longzhihui Shanghai
“2023 Longzhihui Cleaning Service Framework Agreement”	the cleaning service outsourcing framework agreement dated 28 December 2023 entered into between Shanghai Macalline and Longzhihui Shanghai
“2021 Macalline Property Service Framework Agreement”	the property service framework agreement dated 30 November 2021 entered into between Shanghai Macalline and Red Star Macalline
“2023 Macalline Property Service Framework Agreement”	the property service framework agreement dated 28 December 2023 entered into between Shanghai Macalline and Red Star Macalline
“Board”	the board of Directors
“Company”	CIFI Ever Sunshine 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)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholders”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“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
“Longzhihui Shanghai”	Longzhihui Shanghai Facility Management Service Co., Ltd.* (龍之惠(上海)設施管理服務有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of Red Star Macalline
“Longzhihui Shanghai Group”	Longzhihui Shanghai and its subsidiaries
“New Framework Agreements”	the 2023 Macalline Property Service Framework Agreement and the 2023 Longzhihui Cleaning Service Framework Agreement, collectively
“PRC”	the People’s Republic of China
“Red Star Macalline”	Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司), a sino-foreign joint stock company established in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 1528) and whose A shares are listed on the Shanghai Stock Exchange (stock code: 601828)
“Red Star Macalline Group”	Red Star Macalline, its subsidiaries, branch companies and associates
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Macalline”	Shanghai Macalline Property Management Services Co., Ltd.* (上海美凱龍物業管理服務有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company owned as to 80% by the Group and 20% by Wuhan Red Star Macalline

“Shanghai Macalline Group”	Shanghai Macalline, its subsidiaries and branch companies, which includes Xingyue Property
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the same meaning ascribed to it under the Listing Rules
“Wuhan Red Star Macalline”	Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited* (武漢紅星美凱龍世博家居廣場發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Red Star Macalline
“Xingyue Property”	Shanghai Xingyue Property Services Company Limited* (上海星悅物業服務有限公司), a company established in the PRC with limited liability, a direct wholly-owned subsidiary of Shanghai Macalline
“%”	per cent

By order of the Board
CIFI Ever Sunshine Services Group Limited
LIN Zhong
Chairman

Hong Kong, 28 December 2023

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 Ms. CUI Xiaoqing; and the independent non-executive Directors are Mr. MA Yongyi, Mr. YU Tiecheng and Mr. CHEUNG Wai Chung.

** For identification purposes only*