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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)

(I) COMPLETION OF DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 80% EQUITY INTERESTS IN THE TARGET COMPANY; AND (II) CONTINUING CONNECTED TRANSACTIONS

COMPLETION OF THE ACQUISITION

The Board is pleased to announce that condition (iv) of the Third Conditions (as defined in the Announcement) has been fulfilled and the new business licence of the Target Company has been issued. Accordingly, Completion took place on 30 November 2021.

Upon Completion, Yongsheng Hainan is interested in 80% equity interests in the Target Company and the Target Company has become an indirect non-wholly owned subsidiary of the Company. The financial results of the Target Company shall be consolidated into the Group's financial statements.

CONTINUING CONNECTED TRANSACTIONS

Upon Completion, on 30 November 2021, the Target Company entered into (i) the Property Service Framework Agreement with Red Star Macalline; and (ii) the Cleaning Service Framework Agreement with Longzhihui Shanghai (a subsidiary of Red Star Macalline), respectively. Pursuant to the Property Service Framework Agreement, the Target Group has agreed to provide property management services to the Red Star Macalline Group for a term commencing from the date thereof to 31 December 2023. Pursuant to the Cleaning Service Framework Agreement, the Target Company has agreed that the Target Group shall entrust the Longzhihui Shanghai Group to provide cleaning services to the Target Group for a term commencing from the date thereof to 31 December 2023.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is an indirect subsidiary of the Company, and is owned as to 80% by the Group and 20% by the Remaining Shareholder. The Remaining Shareholder is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. As Red Star Macalline is the holding company of the Remaining Shareholder and Longzhihui Shanghai is a fellow subsidiary of Red Star Macalline, each of Red Star Macalline and Longzhihui Shanghai is an associate of the Remaining Shareholder and therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The applicable percentage ratio in respect of the highest annual cap under each of the Framework Agreements is higher than 5% but all of the applicable percentage ratios are less than 25%. 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 Framework Agreements; and (iii) the independent non-executive Directors (save for Mr. Wang Peng who, as disclosed in the Company's circular dated 19 November 2021, has been uncontactable, did not attend the Board meeting for considering and approving the Framework Agreements and remains uncontactable as at the date of this announcement) have confirmed that the terms of the 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 Framework Agreements are only subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent Shareholders' approval requirements.

COMPLETION OF THE ACQUISITION OF 80% EQUITY INTERESTS IN THE TARGET COMPANY

Reference is made to the Announcement.

The Board is pleased to announce that condition (iv) of the Third Conditions (as defined in the Announcement) has been fulfilled and the new business licence of the Target Company has been issued. Accordingly, Completion took place on 30 November 2021.

Upon Completion, Yongsheng Hainan is interested in 80% equity interests in the Target Company and the Target Company has become an indirect non-wholly owned subsidiary of the Company. The financial results of the Target Company shall be consolidated into the Group's financial statements.

As disclosed in the Announcement, post-Completion, Yongsheng Hainan and Tianjin RS shall transfer their respective 90.1% and 9.9% equity interests in Xingyue Property to the Target Company. Completion of the Xingyue Property Transfer also took place on 30 November 2021, upon which, Xingyue Property has become a direct wholly owned subsidiary of the Target Company and remains as a subsidiary of the Company, and its financial results shall continue to be consolidated into the Group's financial statements.

CONTINUING CONNECTED TRANSACTIONS

Upon Completion, on 30 November 2021, the Target Company entered into (i) the Property Service Framework Agreement with Red Star Macalline; and (ii) the Cleaning Service Framework Agreement with Longzhihui Shanghai (a subsidiary of Red Star Macalline), respectively. Pursuant to the Property Service Framework Agreement, the Target Group has agreed to provide property management services to the Red Star Macalline Group for a term commencing from the date thereof to 31 December 2023. Pursuant to the Cleaning Service Framework Agreement, the Target Company has agreed that the Target Group shall entrust the Longzhihui Shanghai Group to provide cleaning services to the Target Group for a term commencing from the date thereof to 31 December 2023.

I. PROPERTY SERVICE FRAMEWORK AGREEMENT

The principal terms of the Property Service Framework Agreement are set out as below:

- Date:** 30 November 2021
- Parties:** (1) The Target Company; and
(2) Red Star Macalline.
- Scope of service:** The Target 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 but without limitation to (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 services such as additional security, cleaning, greening, as well as repair and maintenance services.

- Term:** For a term commencing on the date of the Property Service Framework Agreement and ending on 31 December 2023 (both days inclusive).
- Pricing and other terms:** The parties to the Property Service Framework Agreement have agreed as follows:
- (i) the parties shall enter into the specific agreements to set out the detailed terms for the relevant transactions contemplated under the Property Service Framework Agreement after arm's length negotiations on normal commercial terms;
 - (ii) the specific agreements shall conform with the principles and provisions (including pricing provision) set out in the Property Service Framework Agreement;
 - (iii) fees for the property management services to be provided by the Target 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 Target 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 Target Group to the Red Star Macalline Group shall be no less favourable to the Target Group than those being offered by the Target Group to the Independent Third Parties for similar services.

Historical aggregate amount:

The Target Company only formally commenced its business operations on 1 September 2021, and Xingyue Property only formally commenced its business operations on 1 June 2021. The historical aggregate amount of service fees received by the Target Company in respect of its provision of property management services to the Red Star Macalline Group for the two months ended 31 October 2021 is approximately RMB49.3 million, and the historical aggregate amount of service fees received by Xingyue Property in respect of its provision of property management services to the Red Star Macalline Group for the five months ended 31 October 2021 is approximately RMB61.5 million.

Annual caps:

Pursuant to the Property Service Framework Agreement, the annual caps for the transactions contemplated thereunder for the two months ending 31 December 2021 and the financial years ending 31 December 2022 and 2023 are as follows:

	For the two months ending 31 December 2021 RMB'000	For the year ending 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
Annual cap	100,000	650,000	700,000

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

- (i) the historical transaction amount in respect of the provision of property management services by the Target Company and Xingyue Property 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 Target Company and Xingyue Property with the 71 home furnishing shopping malls operated by the Red Star Macalline Group prior to Completion;

(iii) the expected demand of the Red Star Macalline Group for the property management services to be provided by the Target 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 Target Group; and

(iv) the prevailing market price for the provision of property management services.

II. CLEANING SERVICE FRAMEWORK AGREEMENT

The principal terms of the Cleaning Service Framework Agreement are set out as below:

Date: 30 November 2021

Parties: (1) The Target Company; and
(2) Longzhihui Shanghai.

Scope of service: The Target Group shall, in accordance with its business operation needs, entrust the Longzhihui Shanghai Group to provide cleaning services to the Target Group, including but without limitation to (i) cleaning services with respect to all public areas, passages and elevators of the projects under the management of the Target 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 Target Group; and (iii) other cleaning services required by the Target Group on an ad-hoc basis.

Term: For a term commencing on the date of the Cleaning Service Framework Agreement and ending on 31 December 2023 (both days inclusive).

Pricing and other terms:

The parties to the Cleaning Service Framework Agreement have agreed as follows:

- (i) the parties shall enter into the specific agreements to set out the detailed terms for the relevant transactions contemplated under the Cleaning Service Framework Agreement after arm's length negotiations on normal commercial terms;
- (ii) the specific agreements shall conform with the principles and provisions (including pricing provision) set out in the Cleaning Service Framework Agreement;
- (iii) 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 Target Group; and
- (iv) the terms and conditions of the specific agreements (including price) offered by the Longzhihui Shanghai Group to the Target Group shall be no less favourable to the Target Group than those being offered by the Independent Third Parties to the Target Group for similar services.

Historical aggregate amount:

The historical aggregate amount of service fees paid by the Target Company in respect of the provision of cleaning services by the Longzhihui Shanghai Group for the two months ended 31 October 2021 is approximately RMB8.2 million, and the historical aggregate amount of service fees paid by Xingyue Property in respect of the provision of cleaning services by the Longzhihui Shanghai Group for the five months ended 31 October 2021 is approximately RMB6.3 million.

Annual caps:

Pursuant to the Cleaning Service Framework Agreement, the annual caps for the transactions contemplated thereunder for the two months ending 31 December 2021 and the financial years ending 31 December 2022 and 2023 are as follows:

	For the two months ending 31 December 2021 RMB'000	For the year ending 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
Annual cap	12,000	93,000	105,000

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

- (i) the historical transaction amount in respect of the provision of cleaning services by the Longzhihui Shanghai Group to the Target Company and Xingyue Property;
- (ii) the expected demand of the Target 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 Target Company and Xingyue Property and the estimated number and size of the new project to be under the management of the Target Group; and
- (iii) the prevailing market price for the provision of cleaning services.

III. PRICING POLICY

During the term of the Property Service Framework Agreement, the Target Group shall from time to time enter into specific agreements with the Red Star Macalline Group for the provision of relevant property management services by the Target Group in accordance with the terms of the Property Service Framework Agreement. During the term of the Cleaning Service Framework Agreement, the Target Group shall from time to time enter into specific agreements with the Longzhihui Shanghai Group for the provision of cleaning services by the Longzhihui Shanghai Group in accordance with the terms of the Cleaning Service Framework Agreement.

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

- (a) For property management services to be provided by the Target 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 other property management companies in the PRC of similar transactions with Independent Third Parties.

After the information is collected, relevant operation department of the Target 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 Target Group. Relevant information together with the specific agreement will be submitted to the heads of the operation department and the finance department of the Target Group, and general manager of the Target 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.

IV. INTERNAL CONTROL MEASURES

The pricing policy for all the continuing connected transactions of the Target Group will be supervised and monitored by the relevant personnel and management of the Target Company 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 the Target Company 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 Framework Agreement.

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 Framework Agreements, and the auditors of the Company will also report on the Group's continuing connected transactions (including the transactions contemplated under the 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 Framework Agreements will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

V. REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

The Target Company and Xingyue Property have been providing the Red Star Macalline Group with property management services prior to Completion. The Board believes that the continuation of the provision of the property management services to the Red Star Macalline Group would allow the Target 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 Target Group and the Red Star Macalline Group could result in satisfactory synergy effect and further promote the business growth of the Target Group.

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

The Directors (including the independent non-executive Directors, save for Mr. Wang Peng who, as disclosed in the Company's circular dated 19 November 2021, has been uncontactable, did not attend the Board meeting for considering and approving the Framework Agreements and remains uncontactable as at the date of this announcement) consider that the terms of the 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.

VI. INFORMATION ON THE PARTIES

The Target Company

The Target Company is a company established in the PRC with limited liability. It principally engages in the business of provision of property management services to furnishing shopping malls. Upon Completion, the Target Company has become an indirect 80%-owned subsidiary of the Company.

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 50%-owned subsidiary of Red Star Macalline and principally engages in the provision of professional cleaning, washing, disinfecting and housekeeping services.

VII.LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is an indirect subsidiary of the Company, and is owned as to 80% by the Group and 20% by the Remaining Shareholder. The Remaining Shareholder is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level. As Red Star Macalline is the holding company of the Remaining Shareholder and Longzhihui Shanghai is a fellow subsidiary of Red Star Macalline, each of Red Star Macalline and Longzhihui Shanghai is an associate of the Remaining Shareholder and therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The applicable percentage ratio in respect of the highest annual cap under each of the Framework Agreements is higher than 5% but all of the applicable percentage ratios are less than 25%. 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 Framework Agreements; and (iii) the independent non-executive Directors (save for Mr. Wang Peng who, as disclosed in the Company's circular dated 19 November 2021, has been uncontactable, did not attend the Board meeting for considering and approving the Framework Agreements and remains uncontactable as at the date of this announcement) have confirmed that the terms of the 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 Framework Agreements are only subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent Shareholders' approval requirements.

VIII. BOARD APPROVAL

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

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 15 October 2021 in relation to, among other things, the acquisition of the Sale Interests by Yongsheng Hainan for a cash consideration of RMB696,000,000
“Board”	the board of Directors
“Cleaning Service Framework Agreement”	the cleaning service outsourcing framework agreement dated 30 November 2021 entered into between the Target Company and Longzhihui Shanghai
“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)
“Completion”	the completion of the registration of the transfer of the Sale Interests to Yongsheng Hainan and upon the issuance of the new business licence of the Target Company
“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
“Framework Agreements”	the Property Service Framework Agreement and the Cleaning Service Framework Agreement

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“PRC”	the People’s Republic of China
“Property Service Framework Agreement”	the property service framework agreement dated 30 November 2021 entered into between the Target Company and Red Star Macalline
“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

“Remaining Shareholder”	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, holding 20% equity interests in the Target Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interests”	80% of the equity interests in the Target Company which were previously held by the Vendors (as defined in the Announcement) as at the date of the Announcement
“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
“Target Company”	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
“Target Group”	the Target Company, its subsidiaries and branch companies, which includes Xingyue Property upon completion of the Xingyue Property Transfer that took place on 30 November 2021
“Tianjin RS”	Tianjin Red Star Macalline World Trade Home Furnishing Company Limited* (天津紅星美凱龍世貿家居有限公司), 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

“Xingyue Property Transfer”	the transfer by Yongsheng Hainan and Tianjin RS of their respective 90.1% and 9.9% equity interests in Xingyue Property as disclosed in the Announcement
“Yongsheng Hainan”	Xuhui Yongsheng (Hainan) Investment Company Limited* (旭輝永升(海南)投資有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 30 November 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, Mr. YU Tiecheng and Mr. CHEUNG Wai Chung.

** For identification purposes only*