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**Ever Sunshine Services Group Limited**  
**永升服务集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1995)**

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE PAYMENT OF DEPOSITS**

As part of its usual and ordinary course of business, the Group provides the Agency Services to certain associates of the Ultimate Controlling Shareholders (other than the CIFI Group) (i.e., the Associates). The Group enters into the Individual Agreements in connection with the provision of the Agency Services which contain the specific terms for the provision of such services.

As part of the provision of the Agency Services, the relevant member of the Group may agree after negotiations with the relevant Associates to the payment of Deposits under the relevant Individual Agreement. When undertaking such negotiations, the relevant member of the Group would consider (i) whether the relevant member of the Group is engaged by the Associates on an exclusive basis to provide the Agency Services; (ii) the type of sales agency services required; (iii) the nature of the sales units involved; (iv) the confidence of the relevant member of the Group to sell; and (v) whether prevailing market practice for sales agency companies to pay similar deposits for exclusive agency rights and whether the rate and term of deposits are reasonable and in line with market practice, considering the market conditions, the average sale price of assets/properties in the same neighbourhood, and the economic conditions of the PRC and/or the particular area where the property is situated.

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 39.43% 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. Therefore, the payment of Deposits is considered by the Stock Exchange as continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Deposits paid by the Group to the Associates under the Agency Services during the year ended 31 December 2023 was more than 0.1% but less than 5% at the time, the payment of Deposits was subject to the reporting and announcement requirements but was exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In order to comply with Rule 14A.53 of the Listing Rules, the Board has determined the Annual Caps for the Deposits. As the highest applicable percentage ratio in respect of the Annual Caps is more than 0.1% but less than 5%, such transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **PRINCIPAL TERMS OF THE AGENCY SERVICES**

A summary of the principal terms of the Agency Services is as follows:

### **Parties**

- (1) the Company and its subsidiaries; and
- (2) associates of the Ultimate Controlling Shareholders (i.e., the Associates).

### **Subject Matter**

As part of its usual and ordinary course of business, the Group provides the Agency Services to certain associates of the Ultimate Controlling Shareholders (other than the CIFI Group) (i.e., the Associates). The Group enters into the Individual Agreements in connection with the provision of the Agency Services which contain the specific terms for the provision of such services.

As part of the provision of the Agency Services, the relevant member of the Group may agree after negotiations with the relevant Associates to the payment of Deposits under the relevant Individual Agreement. When undertaking such negotiations, the relevant member of the Group would consider (i) whether the relevant member of the Group is engaged by the Associates on an exclusive basis to provide the Agency Services; (ii) the type of sales agency services required; (iii) the nature of the sales units involved; (iv) the confidence of the relevant member of the Group to sell; and (v) whether prevailing market practice for sales agency companies to pay similar deposits for exclusive agency rights and whether the rate and term of deposits are reasonable and in line with market practice.

## **Term**

The Agency Services shall be provided by the Group to the Associates commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive).

## **Pricing and Refund Mechanisms**

The Deposits are payable by the Group on an instalment basis for up to 100% of the Base Price. The Base Price is negotiated between the relevant parties after arm's length negotiations having considered the market conditions, the average sale price of assets/properties in the same neighbourhood, and the economic conditions of the PRC and/or the particular area where the property is situated. The rates of the Deposits are on normal commercial terms, within market range and are comparable to those applicable to the sales agency transactions of the Group with property developers who are Independent Third Parties.

The Deposits paid by the Group in respect of units sold by it are refundable by the Associates in the following manner: (i) on a periodic basis (i.e., monthly, bi-annually or annually); or (ii) where the purchase price is received by the Group from the end purchaser and accountable to the Associates, the Deposits paid by the Group for the unit sold will generally be set-off from such purchase price. Upon the expiry or termination of an Individual Agreement, the remaining balance of the Deposits will be refunded to the Group.

Under normal circumstances, the Group will request the Deposits to be refunded by way of set-off against the purchase price received by the Group from the end purchaser that is payable to the Associates as this type of refund method would give maximum convenience to the settlement. The Deposits may also be refunded by the Associates to the Group on a periodic basis in respect of units sold during the relevant period.

In situations where the Associates receive the purchase price directly either from the end purchasers or their financing banks (as the case may be), the relevant Deposits would be set off from the purchase price the Group needs to return to the Associates under the settlement arrangements between the Group and the Associates. Further, in the unlikely event where the relevant units are sold below the Base Price with the consensus of the relevant member of the Associates (which is normally due to the low turnover of the relevant units), the portion of the Deposits in excess of the purchase price received from the end purchaser will be proportionately refunded by the Associates to the Group on a periodic basis.

## HISTORICAL TRANSACTION AMOUNTS

The following table sets forth the year-end balance of Deposits paid by the Group to the Associates under the Agency Services for the three financial years ended 31 December 2023:

	<b>For the year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB million)</i>		
Year-end balance of Deposits	21.6	20.4	52.8

The total amount of Deposits paid by the Group to the Associates pursuant to the Individual Agreements for the six months ended 30 June 2024 amounted to approximately RMB1.2 million and as at 30 June 2024, the remaining balance of Deposits was approximately RMB51.7 million.

## ANNUAL CAPS FOR THE THREE FINANCIAL YEARS ENDING 31 DECEMBER 2026

The following table sets forth the Annual Caps for the Deposits for the three financial years ending 31 December 2026:

	<b>For the year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>(RMB million)</i>		
Annual Caps	84.6	94.4	87.6

### Basis of Determination of the Annual Caps

In determining the Annual Caps, the Company mainly considered the following factors:

- (i) the estimated daily balance of Deposits expected with reference to (i) the year-end balance of Deposit for the year ended 31 December 2023, (ii) ten existing Individual Agreements that will be effective on or before 31 December 2026 and the expected remaining balance of the Deposits payable under such existing Individual Agreements, and (iii) the amount of Deposit that may be offset as a result of the sale of the relevant units under such existing Individual Agreements;

- (ii) three new Individual Agreements expected to be entered into by the Group for unsold units that the Associates may require the Agency Services from the Group and the expected Deposits payable under such new Individual Agreements;
- (iii) the expected project sales rates of 3% to 15% for the Individual Agreements referred to in paragraphs (i) and expected project sales rates of 25% for the Individual Agreements referred to in paragraphs (ii) above. The expected project sales rates were arrived at with reference to the assessment and inspection of the project site and neighbouring areas as well as the historical project sales rates (if any), timing left under Individual Agreements before their expiration and other information that may have been obtained from the Group’s property management arm in relation to the relevant units and the residential project in which those units are located; and
- (iv) a buffer of 10% for each of the three financial years ending 31 December 2026 as a result of the potential improvement in the market conditions, as well as to accommodate any unforeseeable circumstances.

Having considered the abovementioned considerations, the Proposed Caps represent the aggregate of the following together with a buffer of 10%:

- (i) the estimated aggregate maximum daily balance of Deposits for each of the existing Individual Agreements that will remain valid until or before 31 December 2026, which is calculated as follows:

$$\left( \begin{array}{l} \text{The remaining} \\ \text{balance of} \\ \text{Deposits as at} \\ \text{31 December} \\ \text{2023} \end{array} + \begin{array}{l} \text{The Deposits} \\ \text{payable for the} \\ \text{years ending 31} \\ \text{December 2024,} \\ \text{2025 and 2026}^1 \end{array} \right) - \left( \begin{array}{l} \text{The number of} \\ \text{unsold units} \\ \text{under each of} \\ \text{the Individual} \\ \text{Agreements} \end{array} \times \begin{array}{l} \text{Base Price}^2 \text{ for} \\ \text{such unsold} \\ \text{units} \end{array} \times \begin{array}{l} \text{expected} \\ \text{project} \\ \text{sales rates} \end{array} \right)$$

; and

- (ii) the estimated aggregate maximum daily balance of Deposits for each of the Individual Agreements that have been and will be entered into by 31 December 2026, which is calculated as follows:

$$\begin{array}{l} \text{The Deposits payable for} \\ \text{the years ending} \\ \text{31 December 2024,} \\ \text{2025 and 2026}^1 \end{array} - \left( \begin{array}{l} \text{The number of units under} \\ \text{each of the Individual} \\ \text{Agreements} \end{array} \times \begin{array}{l} \text{Base Price}^2 \\ \text{for such} \\ \text{units} \end{array} \times \begin{array}{l} \text{expected} \\ \text{project sales} \\ \text{rates} \end{array} \right)$$

Notes:

(1) *The Deposits are calculated using the following formula:*

$$\text{The rate of Deposits} \times \text{Base Price of each unit} \times \text{Number of units under the relevant Individual Agreement}$$

(2) *The Base Price is negotiated between the relevant parties after arm's length negotiations having considered the market conditions, the average sale price of assets/properties in the same neighbourhood, and the economic conditions of the PRC and/or the particular area where the property is situated.*

*The Group has implemented internal control measures to ensure that the Base Price and the rate of the Deposits are no less favourable to the Group than those offered by Independent Third Parties with respect to residential car parking spaces and residential properties (including storage spaces) in the surrounding area. For further details, please refer to the paragraph headed "Internal Control Measures" in this announcement.*

## **REASONS FOR AND BENEFITS OF THE PAYMENT OF THE DEPOSITS**

For reasons for and benefits of the Agency Services, please refer to the announcement of the Company dated 22 April 2021 in relation to the UCS Sales Agency Services Framework Agreement. The reasons for and benefits of the payment of the Deposits are as follows:

- (i) the Deposits are required to secure the Agency Services, rendered on an exclusive basis by the relevant member of the Group. This allows the Group to secure a stable income stream and enhance profitability of the Group without competition from other property agents;
- (ii) the payment of the Deposits is an industry norm and consistent with the industry practice in relation to sales agency services in relation to car parking spaces and/or storage spaces and similar sales agency services that the Group provided to Independent Third Parties;
- (iii) the payment of the Deposits generally allows the Group to charge higher commission as compared to the Agency Services rendered by the Group without the payment of Deposits; and
- (iv) the use of the Group's cash for the Deposits indirectly generates higher returns for the Group (as a result of the receipt of the relevant commission) compared to leaving it as idle cash or putting it in financial institutions as bank deposit.

Based on the above, the Board is of the view that the payment of the Deposits is fair and reasonable and in the interest of the Company and the Shareholders taken as a whole.

## **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 39.43% 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. Therefore, the payment of Deposits is considered by the Stock Exchange as continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the commissions payable by the Associates to the Group under the Agency Services are less than 0.1%, the Agency Services are exempted from the connected transaction requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Deposits paid by the Group to the Associates under the Agency Services during the year ended 31 December 2023 was more than 0.1% but less than 5% at the time, the payment of Deposits was subject to the reporting and announcement requirements but was exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In order to comply with Rule 14A.53 of the Listing Rules, the Board has determined the Annual Caps for the Deposits. As the highest applicable percentage ratio in respect of the Annual Caps is more than 0.1% but less than 5%, such transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTERNAL CONTROL MEASURES**

To ensure that the Individual Agreements will be entered into on normal commercial terms and on terms no less favourable to the Group than those available from Independent Third Parties, the Group has adopted the following measures:

- (i) compliance with the Group's pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the finance department 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 the Shareholders as a whole. The relevant personnel and management of the Group will review and assess the terms (including, among others, the Base Price and the rate of Deposits) before



any Individual Agreements are entered into to ensure that (a) the terms and conditions under respective Individual Agreements are no less favourable to the Group than those offered by Independent Third Parties with respect to residential car parking spaces and residential properties (including storage spaces) in the surrounding area; and (b) the commitment to pay Deposits under the new Individual Agreements would not result in the relevant Annual Caps being exceeded before the relevant requirements under the Listing Rules for increasing the relevant caps have been complied with, before the entering into of the relevant Individual Agreements are to be approved by the finance department of the Group;

- (ii) the management and the finance department of the Group will monitor transactions pursuant to each Individual Agreements (including actual sales rates and timing refunds of the Deposits) in the context of the applicable caps and assess the risk of caps being exceeded;
- (iii) the management of the Group has developed standards for selection of projects and would consider the results of a “four-dimensional evaluation” for the potential projects and ongoing projects, the scores of which are allocated based on factors including (1) the type of development property (e.g. residential, villa and/or furnished apartments), pricing, status of delivery of residential units and occupancy rates; (2) the availability of car parking and storage spaces within the development and in the neighbourhood; (3) the proportion of car parking and storage spaces to units, number of saleable car parking and storage spaces, prior selling efforts in respect of the car parking and storage spaces, pricing and/or period of sales moratorium; and (4) the quality/condition of the car parking and storage spaces. Such evaluation, together with the expected project sales rate of the number of units under the Agency Services, will determine the rate of Deposits which will be payable. The same standards are applicable to both connected persons and customers which are Independent Third Parties. The Group does not give preferential treatment to connected persons. If comparable market rates of deposits are available, the proposed rate of Deposits and the payment of the Deposits will generally be compared with the market rate of at least three projects with similar features to ensure that such proposed rate of Deposits and the payment of the Deposits is not higher than those projects; if no comparable market rates of deposits is available, the fairness and reasonableness of the proposed rate of Deposits and the payment of the Deposits will be determined based on the pricing policies mentioned in the paragraph headed “Basis of determination of the Annual Caps” above to ensure that the Group can achieve a reasonable return in participating in the project(s);
- (iv) conducting regular checks to review and assess whether the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy; and



- (v) reviewing by the relevant department of the Group of the refund status of the Deposits on a regular basis to ensure that the recovery of the Deposits is carried out in accordance with the Individual Agreements. In the event of a delay in the refund of the Deposits, the relevant member of the Group will closely follow up with the relevant department of the Associates in a timely manner. Depending on the circumstances of the delay, the relevant member of the Group will take appropriate actions in order to protect its interest under the Individual agreements, such as negotiation, issuing collection letter(s) or potentially issuing attorney letter(s) or taking other legal measures to ensure that the Deposits be refunded to the Group in accordance with the Company's policy on collection of outstanding payments as and when required, which are consistent with the case of Independent Third Party customers.

In view of the foregoing, the Directors consider that the internal control mechanism to be effective to ensure that the transactions contemplated under the Individual Agreements and the payment mechanism of the Deposits will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders taken as a whole.

In addition to the above internal control measures, the independent non-executive Directors will review the transactions contemplated under the Individual Agreements, and the auditors of the Company will also report on the Group's continuing connected transactions (including the transactions contemplated under the Individual 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.

## **BOARD APPROVAL**

The Board is of the view that the payment arrangements for the Deposits and the Annual Caps are in the ordinary and usual course of business of the Group, are in the interests of the Group and the Shareholders taken as a whole and the terms of the Deposits are on normal commercial terms and fair and reasonable.

At the Board meeting held to approve the Annual Caps, Mr. Lin Zhong was considered as having a material interest in the continuing connected transactions contemplated under the Agency Services. Accordingly, Mr. Lin Zhong abstained from voting on the Board resolution for approving the Annual Caps and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors had material interest in the aforesaid transactions and was required by the Listing Rules to abstain from voting on the Board resolution in respect of the Annual Caps.

## **GENERAL INFORMATION**

### **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.

### **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.

### **DELAY IN PUBLICATION OF ANNOUNCEMENT IN RESPECT OF THE PAYMENT OF DEPOSITS UNDER RULES 14A.35 AND 14A.53 OF THE LISTING RULES**

As disclosed in the circular of the Company dated 31 January 2024, the Board understood from the Stock Exchange that annual caps should be established for deposits that are paid by the Group to its customers in transactions that are of similar nature as the Agency Services. The Company understands that it should have published an announcement and set annual caps as soon as possible in accordance with Rules 14A.35 and 14A.53 of the Listing Rules as and when the obligations in relation to the payment of Deposits arose (i.e., when the highest applicable percentage ratio in respect of the Deposits paid by the Group to the Associates under the Agency Services exceeded 0.1%). The Company deeply regrets its delay in compliance with the Listing Rules but would like to stress that the delay in compliance of the Listing Rules was inadvertent. The Company also understands that it should have consulted and sought advice from its professional adviser on a timely basis where continuing connected transactions are contemplated and regularly monitored transactions conducted by the Group to assess whether compliance requirements under the Listing Rules would be triggered.

In order to prevent the occurrence of similar incidents in the future, the Group has put in place the following remedial measures:

- (i) providing internal trainings on continuing connected transaction(s) to all relevant personnel, including accounting staff and senior management, to reinforce and re-explain the relevant requirements of the Listing Rules;

- (ii) strengthening the implementation of the Company’s internal controls system on transactions, including but not limited to strengthening the coordination and reporting arrangements for continuing connected transaction(s) among various departments; and
- (iii) where there is any uncertainty arising from the interpretation or application of the Listing Rules, consulting professional advisers and the Stock Exchange (where necessary) in a timely manner prior to the entering into of such transaction(s).

## **DEFINITIONS**

In this announcement, unless the content otherwise requires, the following terms and expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Associate(s)”	the associate(s) of the Ultimate Controlling Shareholders (other than the CIFI Group and, for the avoidance of doubt, does not include the Ultimate Controlling Shareholders)
“Agency Services”	the sales agency services provided by the Group to the Associates in respect of use rights of unsold residential car parking spaces and unsold residential properties (including storage spaces) in the development projects of the Associates
“Annual Caps”	the annual caps for maximum daily balance of Deposits to be paid by the Group to the Associates for the three financial years ending 31 December 2026
“Base Price”	being the minimum sale price of the property to be sold under the relevant Individual Agreements
“Board”	the board of Directors
“CIFI Group”	CIFI Holdings and its subsidiaries; for the purpose of this announcement only, excluding the Group
“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 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 meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Deposits”	the refundable deposits paid or to be paid by the Group to certain associates of the Ultimate Controlling Shareholders pursuant to certain Individual Agreements
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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
“Individual Agreements”	the individual agreements entered into between the members of the Group and the Associates from time to time in relation to the provision of the Agency Services by the Group to the Associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC” or “China”	the People’s Republic of China which for the purpose of this announcement does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“UCS Sales Agency Services Framework Agreement”	the sales agency services framework agreement dated 22 April 2021 entered into between the Company and the Ultimate Controlling Shareholders
“Ultimate Controlling Shareholders”	Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei
“%”	Percentage

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

Hong Kong, 22 July 2024

*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.*