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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
2022 CIFI SALES AGENCY SERVICES FRAMEWORK AGREEMENT

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 23 December 2021 (after trading hours), the Company entered into the 2022 CIFI Sales Agency Services Framework Agreement for a term of three years commencing from 1 January 2022 to 31 December 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CIFI Holdings is one of the controlling shareholders of the Company. CIFI Holdings is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the 2022 CIFI Sales Agency Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) as defined under the Listing Rules in respect of the proposed highest annual cap for the 2022 CIFI Sales Agency Services Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the 2022 CIFI 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.

INTRODUCTION

Reference is made to the announcements of the Company dated 22 March 2019, 22 April 2021 and 3 June 2021, respectively, in relation to, among other things, the 2019 CIFI Sales Agency Services Framework Agreement. As the 2019 CIFI Sales Agency Services Framework Agreement will be expiring on 31 December 2021 and the Company is expected to continue to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2022 CIFI Sales Agency Services Framework Agreement on 23 December 2021 (after trading hours).

2022 CIFI Sales Agency Services Framework Agreement

The principal terms of the 2022 CIFI Sales Agency Services Framework Agreement are set out below:

Date:	23 December 2021
Parties:	(i) the Company (ii) CIFI Holdings
Term:	The 2022 CIFI Sales Agency Services Framework Agreement shall be effective commencing from 1 January 2022 and ending on 31 December 2024 (both dates inclusive).
Subject matter:	Pursuant to the 2022 CIFI Sales Agency Services Framework Agreement, the Group will provide sales agency services to CIFI Group in respect of residential properties and/or car parking spaces which remain unsold after the sales period of the development projects in the PRC of CIFI Group.
Price:	For the provision of sales agency services, the Group charges a fixed-rate commission calculated as a percentage of sale price of the relevant residential properties and/or car parking spaces.

Historical transaction amounts

The existing annual caps for each of the three years ending 31 December 2021 and the approximate historical transaction amounts for the two financial years ended 31 December 2020 and the eleven months ended 30 November 2021 under the 2019 CIFI Sales Agency Services Framework Agreement are as follows:

	For the year ended 31 December 2019 RMB	For the year ended 31 December 2020 RMB	For the eleven months ended 30 November 2021 RMB
Annual caps	29,800,000	29,800,000	48,000,000 <i>(Note)</i>
Historical transaction amounts	132,000	11,718,000	33,961,000

Note: For the entire year ending 31 December 2021.

Annual caps and basis of determination

Pursuant to the 2022 CIFI Sales Agency Services Framework Agreement, the annual caps for the transactions contemplated thereunder for each of the three years ending 31 December 2024 are as follows:

	For the year ending 31 December 2022 RMB	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB
Annual caps	75,000,000	110,000,000	140,000,000

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

- (i) the historical amounts in respect of sales agency services for the sale of residential properties and/or car parking spaces under the 2019 CIFI Sales Agency Services Framework Agreement, in particular to the rapid growth in transaction amounts for the eleven months ended 30 November 2021 as compared to that for the year ended 31 December 2020;

- (ii) the estimated commission for the sales agency services provided by the Group to CIFI Group for each of the three years ending 31 December 2024, calculated based on the estimated number of development projects of CIFI Group for which the Group's sales agency services are required and the estimated number of residential properties and/or car parking spaces of the relevant development projects available for sale in the market;
- (iii) the prevailing market rate for the provision of sales agency services in the same industry; and
- (iv) the level of difficulty of sales of the unsold residential properties and/or car parking spaces by the Company with reference to the locations of the development projects of CIFI Group involved, and the occupancy rate of the development projects.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022 CIFI SALES AGENCY SERVICES FRAMEWORK AGREEMENT

The Group has provided CIFI Group with property management services for their development projects. The Board believes that the Group could make use of its market information, including but not limited to the demand for residential properties and car parking spaces by the owners of the surrounding properties, collected through its network of property management offices located in the development projects in its provision of property management services to CIFI Group, to promote its sales of the unsold residential properties and the unsold car parking spaces in their respective development projects. By entering into the 2022 CIFI Sales Agency Services Framework Agreement, it could help increase the Group's income and promote business growth of the Group.

The Directors (including the independent non-executive Directors) consider that the 2022 CIFI Sales Agency Services Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company after arm's length negotiations between the Company and CIFI Holdings, and the terms of the 2022 CIFI Sales Agency Services Framework Agreement are 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 POLICY AND INTERNAL CONTROL MEASURES

During the term of the 2022 CIFI Sales Agency Services Framework Agreement, members of the Group may from time to time enter into specific agreements with members of CIFI Group for the provision of sales agency services in accordance with the principal terms of the 2022 CIFI Sales Agency Services Framework Agreement. The Group adopts the following pricing policy for each of such specific agreements:

- (i) 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;
- (ii) 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 favourable to the Group than those available from Independent Third Parties;
- (iii) 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;
- (iv) the commission rate to be charged to the services under each specific agreement shall be no more than 10%; and
- (v) 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.

The pricing policy for all the continuing connected transactions of the 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 the Group will review and assess the terms before entering to the specific agreements to ensure they are consistent with the principles and provisions set out in the 2022 CIFI Sales Agency Services Framework Agreement.

Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the 2022 CIFI Sales Agency Services Framework Agreement are conducted in accordance with the terms thereof 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 continue to review the transactions contemplated under the 2022 CIFI Sales Agency Services Framework Agreement, and the auditors of the Company will also report on the Group's continuing connected transactions (including the transactions contemplated under the 2022 CIFI Sales Agency Services Framework Agreement) 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.

In view of the foregoing, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 2022 CIFI Sales Agency Services Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

BOARD APPROVAL

At the Board meeting held to approve the 2022 CIFI Sales Agency Services Framework Agreement, each of Mr. Lin Zhong and Mr. Lin Feng is considered as having a material interest in the transactions contemplated thereunder. Accordingly, each of Mr. Lin Zhong and Mr. Lin Feng has abstained from voting on the Board resolution for approving the 2022 CIFI Sales Agency Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors was required to abstain from voting on the relevant Board resolution.

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.

CIFI Holdings

CIFI Holdings is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00884). CIFI Group is principally engaged in the property development and property investment business focusing on developing high quality properties in the PRC.

The controlling shareholders of CIFI Holdings are Mr. Lin Zhong, Mr. Lin Wei and Mr. Lin Feng.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“2019 CIFI Sales Agency Services Framework Agreement”	the sales agency services framework agreement dated 22 March 2019 entered into between the Company and CIFI Holdings, as amended and supplemented by the supplemental agreement dated 22 April 2021
“2022 CIFI Sales Agency Services Framework Agreement”	the sales agency services framework agreement dated 23 December 2021 entered into between the Company and CIFI Holdings
“associate(s)”	has the same meaning ascribed to it under the Listing Rules

“Board”	the board of Directors
“CIFI Group”	CIFI Holdings and its subsidiaries; for the purpose of this announcement, 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”	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 shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration 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
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 23 December 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. YU Tiecheng and Mr. CHEUNG Wai Chung.