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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)

SUPPLEMENTAL ANNOUNCEMENT

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

Reference is made to the announcement of Ever Sunshine Services Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 22 July 2024 (the “**Announcement**”) in relation to, among others, the continuing connected transactions in respect of the payment of Deposits to the Associates as part of the provision of the Agency Services. Unless the context otherwise requires, capitalised terms used herein shall have the same respective meanings as those defined in the Announcement.

As disclosed in the Announcement, there was a delay in publishing the Announcement for the payment of Deposits by the Group to the Associates under the Agency Services, which constituted continuing connected transactions of the Company. To determine whether such delay indicates any internal control deficiencies, the Board has performed an assessment (the “**Review**”) on the internal control measures of the Company and the relevant approval records for the payment of the Deposits by reviewing the Company’s internal control policies and procedures for connected transactions (together, the “**Policies**”). Based on the Review, the Board is of the view that the Policies comply with the requirements of Chapter 14A of the Listing Rules and believes that the reason for the delay in publication of the Announcement is due to the inadvertent oversight of the relevant personnel responsible for connected transaction (mainly consisting the finance and business departments of the Company) (the “**CP Team**”) who was primarily focused on the sales agency services between the Group and the CIFI Group in the lead up to the resumption of trading in the shares of the Company in September 2023 and inadvertently omitted to consider the Agency Services between the Group and the Associates.

As part of the Review, the Board notices that there are minor deficiencies in the implementation of the Policies by the CP Team, which are summarised below:

A. Outdated List of Connected Persons

Pursuant to the Policies, the Company is required to formulate a list of connected persons (the “CP List”) and regularly update the CP List on a semi-annually basis. Although the Company regularly checks with its substantial shareholders regarding the identity of their respective associates (as defined under the Listing Rules), the CP Team has not systematically archived the written records for such updates. This may lead to the CP List maintained by the Company not being updated in a systematic manner and therefore may not include all connected persons of the Company.

B. Identification of Connected Transactions

Although the Policies mandate the relevant business department to determine whether a transaction falls within the definition of connected transaction (as defined under the Listing Rules) on the internal approval form, the then and currently existing form does not ask for confirmation that a transaction is a connected transaction or, to the extent relevant, information on the connected person(s).

C. Size Tests Calculations Management

The Policies set out how size tests should be calculated in accordance with Rule 14.07 of the Listing Rules and procedures for approving size test calculations and the monitoring and aggregating of transaction amounts of the Group’s existing continuing connected transaction (including the Deposits payable and to be paid by the Group).

However, it is noted during the Review that certain members of the CP Team may from time to time fail to (i) specify whether a transaction is a new connected transaction or an individual transaction under an existing continuing connected transaction when submitting it for internal approval; (ii) provide size test calculations for transactions that are exempt from the announcement requirement under Chapter 14A of the Listing Rules during the approval process for verification; and (iii) properly archive written records of size test calculations for transactions mentioned in (ii). These non-recurring oversights by certain members of the CP Team may lead to size test calculations not being properly managed in accordance with the Policies.

D. Backlog of Training Sessions During Trading Resumption Application

The Company's finance department conducts training for relevant personnel within the finance department and officers-in-charge of regional finance departments on connected transactions. If there are any changes to the relevant personnel within the Company's finance department or to the officers-in-charge of regional finance departments, separate training sessions will be arranged for such new personnel.

However, there was a backlog of training sessions in 2023 as the Company's finance department was overstretched with various workstreams when the trading of the shares of the Company was suspended (including but not limited to finalising its results announcements and satisfying other resumption guidance issued by the Stock Exchange). As a result, the relevant personnel may not have received sufficient training for connected transactions in a timely manner to handle potential connected transactions.

As a result of the above minor deficiencies in the implementation of the Policies by the CP Team, the Board has implemented the following improvements (the "**Improvements**") to enhance the implementation of the Policies:

A. Complete list of Connected Persons

The CP Team has refined and enhanced the procedures for maintaining and updating the CP List. This enables the relevant personnel of the finance and business departments of the Group to rely on an accurate and up-to-date CP List.

B. Clarifying the Nature of Connected Transactions

Members of the CP Team have been reminded of the Policies, particularly the requirement to explicitly indicate whether a transaction is a connected transaction during the approval process. If it is a connected transaction, the Company's relationship with the contracting party must also be specified. The contract approval form in the Company's office automation system will be amended by the end of this year to require the provision of such information when a transaction is submitted for approval.

C. Clear Size Test Calculations Management and Transactions Monitoring

Members of the CP Team have been reminded of the Policies and in particular, the strict requirement to properly archive written records of size test calculations for future reference and provide size test calculations during the approval process for verification.

In addition, the chief financial officer of the Company has now been mandated to regularly review and report on the implementation of the Policies and should specifically evaluate whether the approval processes have been complied with for each connected transaction. Further, the size test calculations are now reviewed by the chief financial officer of the Company in addition to the personnel approving the transactions to enhance the accuracy of calculations and classifications.

D. Training for Connected Transactions

The CP Team has further refined and enhanced the connected transactions training procedures, which include the following:

- (i) increased the frequency of training sessions to quarterly basis (so as to capture incoming personnel on a timely basis) for relevant management personnel; and
- (ii) management personnel to provide connected transaction training to their subordinates covering all members of the Group on a regular basis. This would ensure that all relevant staff across the Group have a comprehensive understanding of the Policies.

In addition to the above, the Company has resolved to undertake the following additional measures to assist the CP Team and the finance personnel of the Company to keep abreast of the development (including interpretation) of the Listing Rules:

- (i) the legal advisers of the Company have been requested to provide update trainings on connected transactions to the finance department of the Company on a regular basis with a view to ensuring that the CP Team and the finance personnel of the Company would be well aware of the latest market practices and guidance provided by the Stock Exchange on connected transactions; and
- (ii) in the event of any uncertainty arising from the interpretation or application of the Listing Rules, promptly consulting professional advisers and, if necessary, the Stock Exchange before proceeding with such transactions.

After considering the results of the Review, the Board is of the view that the remedial measures mentioned in the Announcement that have already been implemented and the Improvements implemented are adequate and sufficient to address the minor deficiencies in the implementation of the Policies by the CP Team as identified in the Review.

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

Hong Kong, 25 October 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.