旭辉集团
CIFI GROUP

CIFI Holdings (Group) Co. Ltd.
旭 輝 控 股（集 團）有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00884)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

THE PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

Reference is made to the announcement of the Company dated 30 December 2016 in relation to the 2016 Property Management Services Master Agreement. The Board announces that in contemplation of the expiry of the 2016 Property Management Services Master Agreement on 31 December 2019, the Company and Ever Sunshine Lifestyle, entered into the 2019 Property Management Services Master Agreement on 11 November 2019 in relation to provision of property management services by the Ever Sunshine Lifestyle Group to the Group for a further term of three years commencing from (i) 1 January 2020 or (ii) the date on which the 2019 Property Management Services Master Agreement having been approved by the independent shareholders of Ever Sunshine Lifestyle at its extraordinary general meeting (whichever is later) to 31 December 2022 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company indirectly (through its wholly-owned subsidiary) holds approximately 21.48% shareholding in Ever Sunshine Lifestyle, which is a company listed on the Main Board of the Stock Exchange. Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, who are the executive Directors and the controlling shareholders of the Company, are the connected persons of the Company. They indirectly (through vehicles wholly-owned by them) hold an aggregate of approximately 40.91% shareholding in Ever Sunshine Lifestyle. Ever Sunshine Lifestyle is therefore an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng and a connected person of the Company and the transactions contemplated under the 2019 Property Management Services Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Annual Caps are above 0.1% but below 5%, the Continuing Connected Transactions are only subject to the reporting, announcement and annual review requirements but are exempt from the requirements of obtaining approval from the independent shareholders of the Company under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 30 December 2016 in relation to the 2016 Property Management Services Master Agreement made between CIFI (PRC), being an indirect wholly-owned subsidiary of the Company, and Yongsheng Property which was then a connected person of the Company. The transactions contemplated under the 2016 Property Management Services Master Agreement therefore constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to corporate restructuring, Yongsheng Property became an indirect wholly-owned subsidiary of Ever Sunshine Lifestyle, which is a company listed on the Main Board of the Stock Exchange. Ever Sunshine Lifestyle is an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, who are the executive Directors and controlling shareholders of the Company. Ever Sunshine Lifestyle is therefore a connected person of the Company under the Listing Rules.

THE 2019 PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

The term of the 2016 Property Management Services Master Agreement will expire on 31 December 2019. The Group proposes to continue to engage the Ever Sunshine Lifestyle Group, of which Yongsheng Property is a member, to provide property management services. Accordingly, the Company entered into the 2019 Property Management Services Master Agreement with Ever Sunshine Lifestyle on 11 November 2019 to govern the provision of property management services by the Ever Sunshine Lifestyle Group to the Group for another term of 3 years after the expiry of the 2016 Property Management Services Master Agreement.

The principal terms of the 2019 Property Management Services Master Agreement are set out below:

Date	:	11 November 2019
Parties	:	(1) the Company (2) Ever Sunshine Lifestyle
Term	:	Three years commencing from (i) 1 January 2020 or (ii) the date on which the 2019 Property Management Services Master Agreement having been approved by the independent shareholders of Ever Sunshine Lifestyle at its extraordinary general meeting (whichever is later) to 31 December 2022 (both days inclusive)

Scope of property management services	:	The property management services to be provided by the Ever Sunshine Lifestyle Group include but without limitation to (i) property management services for unsold properties, car parking lots and the properties owned by the Group; (ii) on-site security, cleaning, greening, as well as customer services to property sales office; (iii) preliminary planning and design consultancy services; and (iv) cleaning and house inspection services to the property projects developed by the Group upon completion of construction and before delivery of the same to homeowners and other value-added services
Pricing and other terms	:	The parties to the 2019 Property Management Services Master Agreement have agreed as follows:

(a) the parties may enter into the Specific Agreements to set out the detailed terms for the Continuing Connected Transactions in the ordinary course of business after arm's length negotiations on normal commercial terms;

(b) the Specific Agreements shall conform with the principles and terms set out in the 2019 Property Management Services Master Agreement;

(c) fees for the property management services to be provided by the Ever Sunshine Lifestyle 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 property, the condition of the property and the scope of the property management services) and the prices offered by other property management service companies which are the Independent Third Parties as well as the price charged by the Ever Sunshine Lifestyle Group when providing similar services to the Independent Third Parties; and

(d) the terms and conditions of the Specific Agreements shall be not less favourable than those being offered to the Group by the Independent Third Parties for comparable services.

Historical transaction amounts

The historical transaction amounts in respect of the property management services transacted under the 2016 Property Management Services Master Agreement for (i) the two years ended 31 December 2017 and 2018, and (ii) the six months ended 30 June 2019 were as follows:

For the year ended 31 December 2017 *(RMB'000)*	For the year ended 31 December 2018 *(RMB'000)*	For the six months ended 30 June 2019 *(RMB'000)*
154,426 *(Note)*	161,563	82,966

Note:

Based on the information available to the Company, the historical transaction amount recognized by Ever Sunshine Lifestyle, which adopted different revenue recognition basis, for the year ended 31 December 2017 (prior to the completion of its corporate restructuring for initial public offering in 2018) was approximately RMB121.8 million.

The Annual Caps and their basis

The Annual Caps are proposed as follows:

Year ending 31 December 2020 *(RMB'000)*	Year ending 31 December 2021 *(RMB'000)*	Year ending 31 December 2022 *(RMB'000)*
350,000	350,000	350,000

The Annual Caps have been determined with reference to, among others, the following factors:

(i) the historical amounts of the property management services transacted under the 2016 Property Management Services Master Agreement for the (i) two years ended 31 December 2017 and 2018, and (ii) the six months ended 30 June 2019;

(ii) the expected scale of sale, area and number of the property projects of the Group in the PRC to be managed by the Ever Sunshine Lifestyle Group based on the total GFA of properties developed by the Group under the management of the Ever Sunshine Lifestyle Group as at 30 June 2019 and the estimated time of pre-sales and delivery of such property projects; and

(iii) the expected demand of the Group for property management services and the price charged for such services.

The payments under the 2019 Property Management Services Master Agreement are expected to be financed by internal resources of the Group.

INFORMATION ON THE GROUP AND EVER SUNSHINE LIFESTYLE GROUP

The Group is principally engaged in the property development and property investment business in the PRC.

The Ever Sunshine Lifestyle Group is principally engaged in (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2019 PROPERTY MANAGEMENT SERVICES MASTER AGREEMENT

The Ever Sunshine Lifestyle Group has been specializing in property management over 15 years and therefore has a well-developed management system as well as experienced management team and well-trained staff to offer high quality property management services. As at 30 June 2019, 99 property projects developed by the Group which are located in, among others, Shanghai, Suzhou, Hangzhou, Nanjing, Xiamen, Hefei, Jiaxing, Zhejiang, Beijing, Tianjin, Shenyang, Langfang, Chongqing, Changsha, Wuhan and Xi'an were under the management of the Ever Sunshine Lifestyle Group. The Directors believe that continuing engagement of the Ever Sunshine Lifestyle Group by the Group for provision of property management services on normal commercial terms would enable the Group to assure the quality of services provided to the projects developed by the Group in an efficient manner and therefore is beneficial to the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company indirectly (through its wholly-owned subsidiary) holds approximately 21.48% shareholding in Ever Sunshine Lifestyle, which is a company listed on the Main Board of the Stock Exchange. Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, who are the executive Directors and the controlling shareholders of the Company, are the connected persons of the Company. They indirectly (through vehicles wholly-owned by them) hold an aggregate of approximately 40.91% shareholding in Ever Sunshine Lifestyle. Ever Sunshine Lifestyle is therefore an associate of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng and a connected person of the Company and the transactions contemplated under the 2019 Property Management Services Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Annual Caps are above 0.1% but below 5%, the Continuing Connected Transactions are only subject to the reporting, announcement and annual review requirements but are exempt from the requirements of obtaining approval from the independent shareholders of the Company under Chapter 14A of the Listing Rules.

Further to the share interest that Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng hold in Ever Sunshine Lifestyle as disclosed above, Mr. LIN Zhong is the chairman of the board of directors and an executive director of Ever Sunshine Lifestyle. Mr. LIN Feng is a non-executive director of Ever Sunshine Lifestyle. Accordingly, Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, who are the brothers and being the executive Directors of the Company, are considered to have material interest in the 2019 Property Management Services Master Agreement and therefore have abstained from voting on the Board resolutions of the Company approving the 2019 Property Management Services Master Agreement and the transactions contemplated thereunder. Another two executive Directors of the Company, namely Mr. CHEN Dongbiao and Mr. YANG Xin, hold approximately 0.33% and 0.13% shareholding respectively in Ever Sunshine Lifestyle as at the date of this announcement. Given that the shareholding they hold in Ever Sunshine Lifestyle is considered to be immaterial and they are merely passive minority investors without holding any management role or position in the Ever Sunshine Lifestyle Group, they are not considered to have any material interest in the transactions under the 2019 Property Management Services Master Agreement. Therefore, save for Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, none of the Directors is required to abstain from voting in respect of the relevant Board resolutions pursuant to the articles of association of the Company.

All the independent non-executive Directors, the non-executive Director and the executive Directors (in respect of the executive Directors, they have expressed their views although they have abstained from voting) are of the opinion that the 2019 Property Management Services Master Agreement is made on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the 2019 Property Management Services Master Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

"2016 Property Management Services Master Agreement"	the property management services master agreement dated 30 December 2016 entered into between CIFI (PRC) and Yongsheng Property in relation to provision of property management services for the property projects of the Group in the PRC (as amended and supplemented)
"2019 Property Management Services Master Agreement"	the property management services master agreement dated 11 November 2019 entered into between the Company and Ever Sunshine Lifestyle in relation to provision of property management services for the property projects of the Group in the PRC

"Annual Caps"	the proposed annual aggregate maximum amounts of service fee payable by the Group to the Ever Sunshine Lifestyle Group under the Continuing Connected Transactions for the three financial years ending 31 December 2022 as set out in the sub-section headed "The Annual Caps and their basis" under the section headed "The 2019 Property Management Services Master Agreement" of this announcement
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"CIFI (PRC)"	CIFI Group Co., Ltd.* (旭輝集團股份有限公司), a joint stock company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Company"	CIFI Holdings (Group) Co. Ltd. (旭輝控股(集團)有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00884)
"connected person"	has the same meaning ascribed to it under the Listing Rules
"Continuing Connected Transactions"	the continuing connected transactions of the Company contemplated under the 2019 Property Management Services Master Agreement
"controlling shareholder"	has the same meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Ever Sunshine Lifestyle"	Ever Sunshine Lifestyle Services Group Limited (永升生活服務集團有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01995)
"Ever Sunshine Lifestyle Group"	Ever Sunshine Lifestyle and its subsidiaries
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is (are) independent of and not connected with (within the meaning of the Listing Rules) the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associate(s)

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the same meaning ascribed to it under the Listing Rules
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	holders of the ordinary share(s) of HK$0.1 each in the share capital of the Company
"Specific Agreement(s)"	the specific individual agreement(s) that may be entered into between members of the Group and members of the Ever Sunshine Lifestyle Group in accordance with the principles and terms of the 2019 Property Management Services Master Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholders"	has the same meaning ascribed to it under the Listing Rules
"Yongsheng Property"	Shanghai Yongsheng Property Management Co., Ltd.* (上海永升物業管理有限公司) (formerly known as Shanghai Yongsheng Property Management Joint Stock Co., Ltd.* (上海永升物業管理股份有限公司)), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Ever Sunshine Lifestyle as at the date of this announcement
"%"	per cent.

By order of the Board
CIFI Holdings (Group) Co. Ltd.
LIN Zhong
Chairman

Hong Kong, 11 November 2019

As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei, Mr. LIN Feng, Mr. CHEN Dongbiao and Mr. YANG Xin as executive Directors; Mr. WANG Wei as non-executive Director; and Mr. GU Yunchang, Mr. ZHANG Yongyue and Mr. TAN Wee Seng as independent non-executive Directors.

* *For identification purpose only*