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Suxin Joyful Life Services Co., Ltd.

蘇新美好生活服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2152)

CHANGE IN USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the Prospectus issued in connection with the Company's listing of the H Shares on the Main Board of the Stock Exchange by way of the Global Offering. The total Net Proceeds raised by the Company from the Global Offering (taking into account of the net proceeds of HK\$8.78 million received from the partial exercise of the Over-allotment Option), after deducting the underwriting commission and other expenses, amounted to approximately HK\$176.3 million.

CHANGE IN USE OF NET PROCEEDS

On 27 April 2023, for reasons set out below under the section headed "Reasons for Change in Use of Net Proceeds", the Board has resolved to change the use of the Net Proceeds such that the unutilized Net Proceeds in the amount of approximately HK\$38.8 million from "strategic investments" and all the unutilized Net Proceeds in the amount of approximately HK\$14.1 million from "investments in companies providing elderly care, nursing and medical services" under "expansion and diversification of value-added services" (i.e. a total of unutilized Net Proceeds of approximately HK\$52.9 million) will be re-allocated to fund the acquisition of office building in Hong Kong for own use and leasing under "acquisition".

An analysis of the original and revised use of the Net Proceeds, as well as the expected timeline for full utilization is summarised as follows:

Major categories	Sub-categories	Planned use of Net Proceeds as set out in the Prospectus HK\$ million	Percentage of total Net Proceeds %	Utilised or reserved Net Proceeds as at the date of this announcement HK\$ million	Unutilised or unplanned Net Proceeds as at the date of this announcement HK\$ million	Unutilised Net Proceeds after the revised allocation HK\$ million	Expected timeline for full utilization*
Acquisition	Acquisitions of other property management companies and companies providing city services and property management services	52.9	30.0	2.86	50.04	50.04	By 31 December 2024
	Acquisition of office building in Hong Kong for own use and leasing	Nil	0	Nil	Nil	52.9	By 31 December 2023
Strategic Investments	Investments in waste collection centers and companies providing operational and management services to waste collection centers	52.9	30.0	0	52.9	14.1	By 31 December 2024
Expansion and diversification of value-added services	Establishment of the Group's own brand "Suxin Leju (蘇新樂居)" and launch of apartment management and operational services for housing for talents	26.4	15.0	5.7	20.7	20.7	By 31 December 2024
	Investments in companies providing elderly care, nursing and medical services	14.1	8.0	0	14.1	—	—
Technological investment	Investments in the Group's Technologies and Intelligent Operations	7.1	4.0	0.69	6.41	6.41	By 31 December 2024
Talent Training and Retention		5.3	3.0	0.29	5.01	5.01	By 31 December 2024
Working capital and other general corporate purposes		17.6	10.0	14.29	3.31	3.31	By 31 December 2024
	Total	<u>176.3</u>		<u>23.83</u>	<u>152.47</u>	<u>152.47</u>	

Note: The figures have been rounded up. Accordingly, the total amount of each category may not be equal to the apparent sum of the relevant sub-categories.

* *The expected timeline for the usage of the remaining Net Proceeds is made based on the best estimate of the Group's future market conditions, which is subject to the current and future development of the market conditions.*

Reasons for Change in Use of Net Proceeds

Strategic Investments

The Company originally planned to invest 30% of the Net Proceeds of approximately HK\$52.9 million in “waste collection centers and companies providing operation and management services for waste collection centers”, so as to expand the waste collection business to the upstream front-end collection business, and to further improve the industry chain of waste collection business and further synergize with the Company’s residential property services and commercial property services. The Company’s third waste collection center, the Huanshan Road Collection Centre, has commenced operation on 31 December 2022. The Company originally intended to use approximately HK\$48 million of the Net Proceeds to fund the construction of such waste collection center. However, the resurgence of the COVID-19 pandemic in 2022 caused delay and uncertainties on the foreign exchange procedures in the PRC. In order to ensure the punctual opening and operation of such waste collection center, the Company finally applied its internal resources to settle the construction cost and other required expenses. Therefore, the Company intends to reallocate approximately HK\$38.8million of the Net Proceeds to fund the “acquisition of office building in Hong Kong for own use and leasing” and the remaining Net Proceeds of HK\$14.1 million will continue to fund the daily operation of the waste collection centers of the Group.

Expansion and diversification of value-added services

The Company originally planned to invest 8% of the Net Proceeds of approximately HK\$14.1 million in “investments in companies providing elderly care, nursing and medical services”. In December 2020, the Company made an investment in SND Yiyang with a view to cooperate with established elderly care service companies in the early stage, and participate in their operation through equity investment, so as to gain experience in the fields of foster care, professional nursing, and integrated medical and nursing services, thereby laying the foundation for future elderly care, nursing care and medical services industry. According to the feasibility report issued before the establishment of SND Yiyang, it was estimated that the financial conditions of SND Yiyang would reach a breakeven in its third year of operation. During the financial year of 2022, the Group has also been actively increasing its marketing efforts to increase the publicity and brand influence of SND Yiyang and adopting a full-staff marketing model, cost-control measures and other related measures to improve the financial status of SND Yiyang. However, the operation of SND Yiyang has continued not to meet the Group’s expectation despite the Group’s effort, and SND Yiyang continued to suffer substantial loss in the first three months of 2023 based on the its management accounts, and is expected to record a further loss for the year ending 31 December 2023. As the Board considered that the future operating conditions of SND Yiyang remain uncertain, on 24 March 2023, the Company proposed to dispose of its 49% equity interest in SND Yiyang through public tender at the Suzhou Public Resources Exchange Center. For details, please refer to the announcement of the Company dated 24 March 2023. As the proposed disposal may or may not proceed, the Company will issue announcement in compliance with all Listing Rules as and when appropriate. The Board has revisited its strategy in this sector and considered that it may not be beneficial to the Group to invest in other elderly care service companies given the uncertainty in their operations as

a whole, thus the Company intends to re-allocate the original allocation of Net Proceeds of approximately HK\$14.1 million for “acquisition of office building in Hong Kong for own use and leasing”.

Acquisition of office building in Hong Kong for own use and leasing

The Group held certain units in Golden Lion Building (金獅大廈) and Jinlin Apartment (金鄰公寓) in Suzhou and leased them out for rental income. Furthermore, the Group leased Meilin Apartment (美林公寓) in Suzhou and subleased to enterprise customers, and the Group also leased certain units in the Jinshan Waste Collection Center to staff from the local urban management bureau for administration and office purposes. Leveraging the Group’s active engagement and close relationships with the residents and tenants that the Group had nurtured through its property management services, especially those enterprise customers based at the commercial buildings under the Group’s management, the Group is able to attract and secure quality tenants to reside in the Group’s properties for leasing services to enhance the efficiency of the Group’s asset utilization and further diverse source of revenue.

To maximize values to the Shareholders and accelerate its pace of expansion, the Company intends to reproduce the Group’s business model on property leasing in Hong Kong by first purchasing an office building in Hong Kong partly for own use and partly for leasing which serves as the Company’s tangible platform in Hong Kong. The Company believes having a physical presence in Hong Kong will help strengthen further in-depth cooperation with companies in Hong Kong, which is in line the Company’s future development strategy to transform, upgrade, expand and deepen its property leasing business in Hong Kong. The Company will actively develop the Hong Kong market, gain advanced understanding in Hong Kong’s property market, enhance its organizational structure, improve the quality of services, and strive to be the window to Suzhou in Hong Kong, including to prioritise leasing of the office building to companies from Suzhou.

Due to the impact of the COVID-19 pandemic and the global economic downturn, the value of office assets in Hong Kong is currently at a low point since 2018, with price indices for Grade A office in core districts falling by approximately 22% according to the property market statistics in relation to “Private Offices — Rental and Price Indices for Grade A Offices in Core Districts (from 1984)” published by the Hong Kong Rating and Valuation Department. In addition, the Hong Kong government has removed the double ad valorem stamp duty on non-residential property transactions in 2020, reducing the cost of office purchases by lowering the stamp duty on acquisition of assets over HK\$20 million from 8.5% to 4.25%. Hong Kong’s economy has been gradually recovering since the reopening of the border in 2023, and pursuant to a research report released by Jones Lang LaSalle, Inc., a commercial real estate services company, in January 2023, the total investment property transactions in Hong Kong are expected to rise by 10–15% in 2023, benefiting from the reopening of border to the Mainland China. As office prices and stamp duty fees are currently at a low point in Hong Kong, the Company considers it a good opportunity to acquire office assets in Hong Kong. Such proposed acquisition is also in line with the 14th Five-Year Plan of the PRC government and could allow the Company to grasp the strategic opportunities arising from the “One Belt, One Road” initiative, and is beneficial to the Group’s integration into the development process of Guangdong-Hong Kong-Macao Greater Bay Area.

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. In view of the above, the Board considers that the change in the use of the Net Proceeds is in the best interest of the Company and the Shareholders as a whole and it would not have a material adverse effect on the existing business operations of the Group.

Save as disclosed in this announcement, there are no other changes on the use of the remaining unutilized Net Proceeds.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the following meanings.

“Board”	the board of Directors
“China” or the “PRC”	the People’s Republic of China
“Company”	Suxin Joyful Life Services Co., Ltd. (蘇新美好生活服務股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2152)
“Director(s)”	the director(s) of the Company
“Global Offering”	has the meaning ascribed to it in the Prospectus
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed on the Main Board of the Stock Exchange
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Net Proceeds”	the total net proceeds raised by the Company from the Global Offering which amounted to approximately HK\$176.3 million after deducting the underwriting commission and other expenses
“Over-allotment Option”	the option granted by the Company to allot and issue up to 1,047,000 additional H Shares in connection with the Global Offering
“Prospectus”	the prospectus of the Company dated 11 August 2022

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“SND Yiyang”	SND Yiyang Health Management Company Limited (蘇高新怡養健康管理有限公司), a company established in the PRC with limited liability in December 2022 and 49% equity interest of which is held by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Suxin Joyful Life Services Co., Ltd.
Cui Xiaodong
Chairman

Hong Kong, 27 April 2023

As at the date of this announcement, the executive Directors are Mr. Cui Xiaodong, Mr. Zhou Jun and Ms. Zhou Lijuan, the non-executive Directors are Mr. Cai Jinchun, Mr. Zhang Jun and Mr. Tang Chunshan, and the independent non-executive Directors are Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin.