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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)**

**CONNECTED TRANSACTION  
DISPOSAL OF EQUITY INTEREST IN  
SND YIYANG HEALTH MANAGEMENT COMPANY LIMITED  
THROUGH PUBLIC TENDER**

Reference is made to the announcement of the Company dated 24 March 2023 in relation to the proposed disposal of 49% equity interest in the Target Company through public tender at the Suzhou Exchange Centre. As at the date of this announcement, the process of the public tender at the Suzhou Exchange Centre has been completed. The Purchaser, an indirect non-wholly owned subsidiary of SND Company which is a controlling shareholder of the Company, was the successful bidder of the Sale Equity and the Final Bid Price was RMB5,808,100.

On 7 June 2023 (after trading hours), the Company and the Purchaser entered into the Agreement pursuant to which the Company has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 49% equity interest in the Target Company (i.e. the Sale Equity) at the Final Bid Price.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser is an indirect non-wholly owned subsidiary of SND Company, a controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14A.07 of the Listing Rules) in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal shall be subject to the reporting, announcement requirements but exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 24 March 2023 in relation to the proposed disposal of 49% equity interest in the Target Company through public tender at the Suzhou Exchange Centre. As at the date of this announcement, the process of the public tender at the Suzhou Exchange Centre has been completed. The Purchaser, an indirect non-wholly owned subsidiary of SND Company which is a controlling shareholder of the Company, was the successful bidder of the Sale Equity.

On 7 June 2023 (after trading hours), the Company and the Purchaser entered into the Agreement pursuant to which the Company has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 49% equity interest in the Target Company (i.e. the Sale Equity) at the Final Bid Price.

## **THE AGREEMENT**

Summary of the principal terms of the Agreement is as follows:

### **Date**

7 June 2023 (after trading hours)

### **Parties**

- (a) The Company; and
- (b) the Purchaser.

### **Assets to be disposed of**

The Company has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 49% equity interest in the Target Company (i.e. the Sale Equity).

### **Consideration**

The consideration, i.e. the Final Bid Price, being RMB5,808,100, is equivalent to the Base Price, which was determined with reference to the valuation of the Sale Equity by an independent valuer as at 30 September 2022 based on asset-based approach.

On 28 April 2023, the Purchaser had already paid a deposit of RMB600,000 to the Suzhou Exchange Centre in accordance with its regulations for public tenders. The Purchaser shall pay to the Suzhou Exchange Centre the balance of the Final Bid Price amounting to RMB5,208,100 within 5 working days from the effective date of the Agreement. Upon fulfilment of the conditions precedent to the Agreement, the Suzhou Exchange Centre will pay the Final Bid Price to an account designated by the Company.

## **Conditions precedent**

Completion of the Disposal shall be conditional upon the fulfilment of the following conditions:

- (a) all necessary internal approvals and consents from third parties (if any) having been obtained by both parties;
- (b) all necessary consents and approvals pursuant to applicable laws, rules and regulations (including but not limited to the Listing Rules) having been obtained by the Company (including but not limited to the obtaining of independent Shareholders' approval at the EGM by the Company pursuant to the Listing Rules, if necessary); and
- (c) all necessary approvals in respect of the Agreement and the transactions contemplated thereunder having been obtained from the state-owned asset supervision and administration department or relevant authority.

The Company shall procure the Target Company to commence the registration procedures for the transfer of the Sale Equity to the Purchaser within 7 working days upon receipt of the confirmation certificate issued by the Suzhou Exchange Centre in relation to the transaction contemplated under the Agreement.

## **REASONS FOR AND THE BENEFITS OF THE DISPOSAL**

Since the Company invested in the Target Company, the operating conditions of the Target Company have not met expectations and continued to incur losses for years 2021 and 2022. There is uncertainty about the future operating conditions of the Target Company. The Disposal will provide cash inflow to the Company and enable it to focus on the development of its principal businesses, which will be beneficial to the overall development of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Agreement were arrived at after arm's length negotiation between the parties and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

It is estimated that the Group will record a gain on the Disposal of approximately RMB1 million. The gain is calculated by reference to the difference between the Final Bid Price and the carrying amount of the investment in the Target Company of approximately RMB4.8 million. However, the actual gain or loss on the Disposal is subject to audit by the Company's auditor. The Company intends to use the proceeds from the Disposal as general working capital of the Group.

## FINANCIAL INFORMATION ON THE TARGET COMPANY

The Target Company is accounted for as an associate of the Company in the financial statements of the Group. The unaudited financial statements of the Target Company for the two years ended 31 December 2022 is set out below.

	For the year ended	
	31 December	
	2021	2022
	(RMB'000)	(RMB'000)
Loss before tax	(6,030)	(4,107)
Loss after tax	(6,030)	(4,107)

As at 31 December 2022, the unaudited net assets of the Target Company is RMB9,751,808.

Immediately upon completion of the Disposal, the Company will cease to hold any equity interest in the Target Company.

## INFORMATION ON THE PARTIES

### The Company

The Company together with its subsidiaries are providers of comprehensive city services and property management services to a wide variety of properties in the PRC, including (i) city services offered to local governments and public authorities to satisfy local residents' daily living needs and improve their living standards and experience; (ii) commercial property management services offered to industrial parks, office buildings, apartments and commercial complexes; and (iii) residential property management service.

### The Purchaser

The Purchaser is a company established in the PRC with limited liability and is principally engaged in social work. As at the date of this announcement, the Purchaser is owned as to 80% by SND Company, a wholly state-owned company established in the PRC and a controlling shareholder of the Company, and as to 20% by Suzhou Health and Elderly Care Industry Development Group Co., Ltd.\* (蘇州市健康養老產業發展集團有限公司), the ultimate beneficial owner of which is the Suzhou Municipal People's Government.

### The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in provision of elderly care, nursing and medical services. As at the date of this announcement, the Target Company is owned as to 49% by the Company and 51% by Suzhou Pension Industry Development Co., Ltd\* (蘇州市養老產業發展有限公司), the ultimate beneficial owner of which is the Suzhou Municipal People's Government, instead of the Zhangjiagang Municipal People's Government as disclosed in the announcement of the Company dated 24 March 2023 due to clerical error.

## **BOARD APPROVAL**

None of the Directors was considered as having any material interest in the Agreement and the transactions contemplated thereunder. Hence, none of the Directors was required to abstain from voting on the relevant Board resolutions approving the Agreement and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser is an indirect non-wholly owned subsidiary of SND Company, a controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14A.07 of the Listing Rules) in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal shall be subject to the reporting, announcement requirements but exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“Agreement”	the asset transaction agreement dated 7 June 2023 entered into between the Company and the Purchaser in relation to the Disposal
“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Base Price”	the base price for the proposed Disposal as stipulated in the Public Tender Announcement, being RMB5,808,100
“Board”	the board of Directors
“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 with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2152)
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Sale Equity by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
“Final Bid Price”	the final bid price for the Disposal pursuant to the Agreement, being RMB5,808,100
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Public Tender Announcement”	the public tender announcement published on the website of the Suzhou Exchange Centre on 24 March 2023 setting out, including but not limited to, (i) the Base Price; (ii) major terms of the tender in respect of the proposed Disposal; and (iii) descriptions and qualification criterion of the prospective bidders
“Purchaser”	Suzhou High-tech Health Industry Development (Suzhou) Co., Ltd.* (蘇高新健康產業發展(蘇州)有限公司), an indirect non-wholly owned subsidiary of SND Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	49% equity interest in the Target Company
“Shareholder(s)”	Shareholder(s) of the Company
“SND Company”	Suzhou Sugaoxin Group Co., Ltd.* (蘇州蘇高新集團有限公司), a wholly state-owned company established in the PRC with limited liability on 8 February 1988 and a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Exchange Centre”	Suzhou Public Resources Exchange Centre (蘇州市公共資源交易中心)

“Target Company”	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 on December 2022 and 49% equity interest of which is held by the Company as at the date of this announcement
“working day(s)”	working days in the PRC, except Saturdays, Sundays and statutory holidays in the PRC
“%”	per cent.

\* *For identification purpose only*

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

Hong Kong, 7 June 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.*