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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
ACQUISITION OF 100% EQUITY INTEREST IN
SUZHOU SUTONG KEJIA ELECTROMECHANICAL ENGINEERING CO., LTD.
THROUGH PUBLIC TENDER**

Reference is made to the announcement of the Company dated 26 July 2023 in relation to the proposed acquisition of 100% 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 Group was the successful bidder of the Sale Equity and the Final Bid Price was RMB1.

On 10 August 2023 (after trading hours), the Purchaser and the Vendor entered into the Agreement pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to dispose of, 100% 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 Vendor is a direct 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 Acquisition 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 Acquisition exceeds 0.1% but is less than 5%, the Acquisition shall be subject to the reporting and announcement requirements but is exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 26 July 2023 in relation to the proposed acquisition of 100% 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 Group was the successful bidder of the Sale Equity and the Final Bid Price was RMB1.

On 10 August 2023 (after trading hours), the Purchaser and the Vendor entered into the Agreement pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to dispose of, 100% 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

10 August 2023 (after trading hours)

Parties

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

Assets to be acquired

The Purchaser has agreed to acquire, and the Vendor has agreed to dispose of, 100% equity interest in the Target Company (i.e. the Sale Equity).

Consideration

The consideration, i.e. the Final Bid Price, being RMB1, is equivalent to the Base Price. According to the valuation of the Sale Equity by an independent valuer, Jiangsu Tiandi Heng'an Real Estate Asset Appraisal Co., Ltd.* (江蘇天地恒安房地產資產評估有限公司) as at 31 December 2022, the appraised value of the Sale Equity amounted to the net liabilities of the Target Company of approximately RMB13.97 million based on the asset-based approach.

On 26 July 2023, the Purchaser had already paid a deposit of RMB10,000 to the Suzhou Exchange Centre in accordance with its regulations for public tenders. The Suzhou Exchange Centre will refund to the Purchaser the balance of the deposit paid after deducting the Final Bid Price within 5 working days from the date of the Agreement.

Completion

The Vendor shall procure the Target Company to commence the registration procedures for the transfer of the Sale Equity to the Purchaser within 10 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 ACQUISITION

Rapid increase in new property projects (in particular, industrial park projects) of the Purchaser has significantly increased the Group's demand for professional property service personnel, which could not be timely satisfied by recruiting new staffs in the market. The Vendor was principally engaged in the development and operation of industrial park. Upon the completion of its industrial park project by the end of 2022, the Vendor has ceased to engage in the development of industrial parks. However, during such construction process, the Target Company has gained extensive experiences in repair and maintenance services in respect of industrial parks. As at the date of this announcement, the Target Company has 68 employees providing professional property services including maintenance and repair services in respect of industrial parks. The Purchaser considers that upon completion of the Acquisition, such personnel could be quickly integrated with the Purchaser's existing property management services team to support the Group's business expansion and ensure stability of the Group's operation. The Board believes that such integration of professional staff with existing team members could help reduce the costs of recruiting and training new staffs, and could timely satisfy the demand for professional staff as a result of the Group's business expansion.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Purchaser and the Shareholders as a whole.

FINANCIAL INFORMATION ON THE TARGET COMPANY

The financial information of the Target Company for the two years ended 31 December 2022 and the six months ended 30 June 2023 is set out below.

	For the year ended		For the
	31 December		six months
	2021	2022	ended
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	30 June
	(Audited)	(Audited)	2023
			<i>(RMB'000)</i>
			(Unaudited)
Loss before tax	5,827	698	1,117
Loss after tax	5,827	698	1,117

As at 30 June 2023, the unaudited net liabilities of the Target Company is RMB15,106,310.

Immediately upon completion of the Acquisition, the Target Company shall become a subsidiary of the Purchaser and the financial results of which will be consolidated into the financial statements of the Group.

The original investment incurred by the Vendor in the Target Company was approximately RMB8,000,000, representing the Vendor's capital contribution in the Target Company.

INFORMATION ON THE PARTIES

The Group

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 Vendor

The Vendor is a company established in the PRC with limited liability and is principally engaged in the operation of industrial parks. As at the date of this announcement, the Vendor is owned as to 100% by SND Company, a wholly state-owned company established in the PRC and a controlling shareholder of the Company.

The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in mechanical and electrical equipment installation engineering, water and electricity installation engineering, and other engineering services. As at the date of this announcement, the Target Company is wholly owned by the Vendor.

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 Vendor is a direct 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 Acquisition 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 Acquisition exceeds 0.1% but is less than 5%, the Acquisition shall be subject to the reporting and announcement requirements but is exempt from circular 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:

“Acquisition”	the acquisition of the Sale Equity by the Purchaser pursuant to the terms of the Agreement
“Agreement”	the asset transaction agreement dated 10 August 2023 entered into between the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Base Price”	the base price for the proposed Acquisition, being RMB1
“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
“Final Bid Price”	the final bid price for the Acquisition pursuant to the Agreement, being RMB1
“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 16 June 2023 setting out, including but not limited to, (i) the Base Price; (ii) major terms of the tender in respect of the proposed Acquisition; and (iii) descriptions and qualification criterion of the prospective bidders
“Purchaser”	Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司), a company established in the PRC with limited liability on 28 October 1992 and a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	100% 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”	Suzhou Sutong Kejia Electromechanical Engineering Co., Ltd.* (蘇州蘇銅科嘉機電工程有限公司), a company established in the PRC with limited liability and wholly-owned by the Vendor as at the date of this announcement
“Vendor”	Suzhou Gaoxin Zhitai Innovation Development Co., Ltd.* (蘇州高新智泰創新發展有限公司)

“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, 10 August 2023

As at the date of this announcement, the Board comprises Mr. Cui Xiaodong, Mr. Zhou Jun and Ms. Zhou Lijuan as executive Directors; Mr. Li Xin, Mr. Cao Bin and Mr. Zhang Jun as non-executive Directors; Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin as independent non-executive Directors.