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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF EQUITY INTEREST IN
SUZHOU HUIRONG BUSINESS TRAVEL DEVELOPMENT CO., LTD.
THROUGH PUBLIC TENDER**

Reference is made to the announcement of the Company dated 15 June 2023 in relation to the proposed disposal of 3.167% 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, a direct 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 RMB60,302,500.

On 3 August 2023 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement pursuant to which the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 3.167% 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 a direct 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 5%, the Disposal shall be subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal also constitutes a discloseable transaction of the Company and shall be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

A circular containing, among other things, (i) further information on the Disposal; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 30 September 2023 as additional time is required to finalise the circular.

BACKGROUND

Reference is made to the announcement of the Company dated 15 June 2023 in relation to the proposed disposal of 3.167% 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, a direct 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 RMB60,302,500.

On 3 August 2023 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement pursuant to which the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 3.167% 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

3 August 2023 (after trading hours)

Parties

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

Assets to be disposed of

The Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 3.167% equity interest in the Target Company (i.e. the Sale Equity).

Consideration

The consideration, i.e. the Final Bid Price, being RMB60,302,500, 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 27 July 2023, the Purchaser had already paid a deposit of RMB6,500,000 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 RMB53,802,500 within 5 working days from the date of the Agreement becoming effective after having obtained all necessary approvals in accordance with applicable laws, rules and regulations. Upon fulfilment of the conditions precedent to the Agreement, the Suzhou Exchange Centre will pay the Final Bid Price to the Vendor.

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 Vendor shall procure the Target Company to commence the registration procedures for the transfer of the Sale Equity to the Purchaser within 5 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 Group's investment in the Target Company in 2012, the Group has not received any dividend from the Target Company. In 2022, the Target Company even recorded a substantial operating loss as a result of its compliance with the local government's rent relief policy in response to the COVID-19 pandemic. In view of the past performance of the Target company and the investment return in connection with Group's investment in the Target Company, the Group intends to recoup its investment towards the Target Company through the Disposal and re-deploy its resources to the development of the Group's principal business.

The Directors (excluding the independent non-executive Directors, whose view will be provided after taking into account the advice of the Independent Financial Adviser) are of the view that the terms and conditions of the Agreement 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 RMB59 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 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 31 December		For the six months ended 30 June
	2021	2022	2023
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit/(Loss) before tax	4,168	(17,570)	(3,534)
Profit/(Loss) after tax	4,129	(17,570)	(3,534)

As at 30 June 2023, the unaudited net assets of the Target Company is RMB1,734,696,433.

Immediately upon completion of the Disposal, the Company will cease to hold any equity interest 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 Purchaser

The Purchaser is a company established in the PRC with limited liability and is principally engaged in investment and assets management. As at the date of this announcement, the Purchaser is owned as to 50% by SND Company, a wholly state-owned company established in the PRC and a controlling shareholder of the Company, and as to 50% by Suzhou Xinxu Asset Management Co., Ltd.* (蘇州新濬資產管理有限公司), the ultimate beneficial owner of which is the People's Government of Huqiu District, Suzhou City and the Jiangsu Finance Bureau.

The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in property leasing. As at the date of this announcement, the Target Company is owned as to 3.167% by the Group, 60.722% by Suzhou Xinxu Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司) (“**Suzhou Xinxu**”), 27.777% by the Purchaser, 4.167% by Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市濬墅關現代農業綜合開發有限公司) (“**Suzhou Xushuguan**”) and 4.167% by Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區濬通市政服務有限公司) (“**Suzhou Gaoxin Xutong**”). The ultimate beneficial owner of both Suzhou Xinxu and the Purchaser is the People's Government of Huqiu District, Suzhou City and the Jiangsu Finance Bureau. The ultimate beneficial owner of Suzhou Xushuguan is the People's Government of Huqiu District, Suzhou City. The ultimate beneficial owner of Suzhou Gaoxin Xutong is Suzhou Xushuguan Economic and Technological Development Zone Management Committee* (蘇州濬墅關經濟技術開發區管理委員會).

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 a direct 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 5%, the Disposal shall be subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal also constitutes a discloseable transaction of the Company and shall be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Company will convene and hold the EGM at which Shareholders will, among other things, consider and if thought fit, approve the Agreement and the transactions contemplated thereunder. Voting at the EGM will be conducted by way of poll. SND Company and its associates shall abstain from voting on the proposed resolution approving the Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder. Grand Moore Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further information on the Disposal; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 30 September 2023 as additional time is required to finalise the circular.

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 3 August 2023 entered into between the Vendor 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 RMB60,302,500
“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 Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held for the purpose of considering and, if thought fit, approving, the Agreement and the transactions contemplated thereunder
“Final Bid Price”	the final bid price for the Disposal pursuant to the Agreement, being RMB60,302,500
“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
“Independent Board Committee”	the independent board committee established by the Board, comprising all the independent non-executive Directors, namely Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin, to advise the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Grand Moore Capital”	Grand Moore Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution with respect to the Agreement and the transactions contemplated thereunder
“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 15 June 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 Jianrong Group Co., Ltd* (蘇州建融集團有限公司), a direct non-wholly owned subsidiary of SND Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	3.167% 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 Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司), a company established in the PRC with limited liability and 3.167% equity interest of which is held by the Vendor as at the date of this announcement
“Vendor”	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
“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, 3 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.