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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)

**(1) CONNECTED TRANSACTION
ACQUISITION OF 100% EQUITY INTEREST IN SUZHOU RUNJIA
ENGINEERING CO., LTD. THROUGH PUBLIC TENDER;
AND
(2) CONTINUING CONNECTED TRANSACTIONS**

(1) CONNECTED TRANSACTION — ACQUISITION OF 100% EQUITY INTEREST IN SUZHOU RUNJIA 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 RMB4,190,800.

On 10 August 2023 (after trading hours), the Purchaser entered into (i) Agreement 1 with Vendor 1 pursuant to which the Purchaser has agreed to acquire, and Vendor 1 has agreed to dispose of, 49% equity interest in the Target Company (i.e. Sale Equity 1) at the consideration of RMB2,053,500; and (ii) Agreement 2 with Vendor 2 pursuant to which the Purchaser has agreed to acquire, and Vendor 2 has agreed to dispose of, 51% equity interest in the Target Company (i.e. Sale Equity 2) at the consideration of RMB2,137,300, which totalled at the Final Bid Price.

(2) CONTINUING CONNECTED TRANSACTIONS

Upon completion of the Acquisition, the Target Company will enter into the Services Procurement Framework Agreement with Vendor 2, pursuant to which the Target Company has agreed to provide the Maintenance Services and the Water Treatment Services to Vendor 2 for a term commencing from the date thereof to 31 December 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Vendor 1 is a direct wholly-owned subsidiary of SND Company and Vendor 2 is a non-wholly owned subsidiary of SND Company. As SND Company is a controlling shareholder of the Company, each of the Vendors is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Agreements and the Services Procurement Framework Agreement constitute connected transactions and continuing connected transactions of the Company, respectively, 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.

As the highest applicable percentage ratio (as defined under Rule 14A.07 of the Listing Rules) for the highest annual caps contemplated under the Services Procurement Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Services Procurement Framework Agreement shall be subject to the reporting, annual review and announcement requirements, but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(1) CONNECTED TRANSACTION — ACQUISITION OF 100% EQUITY INTEREST IN SUZHOU RUNJIA ENGINEERING CO., LTD. THROUGH PUBLIC TENDER

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 RMB4,190,800, which was equivalent to the Base Price.

On 10 August 2023 (after trading hours), the Purchaser entered into (i) Agreement 1 with Vendor 1 pursuant to which the Purchaser has agreed to acquire, and Vendor 1 has agreed to dispose of, 49% equity interest in the Target Company (i.e. Sale Equity 1) at the consideration of RMB2,053,500; and (ii) Agreement 2 with Vendor 2 pursuant to which the Purchaser has agreed to acquire, and Vendor 2 has agreed to dispose of, 51% equity interest in the Target Company (i.e. Sale Equity 2) at the consideration of RMB2,137,300, which totalled at the Final Bid Price.

The Agreements

Summary of the principal terms of each of the Agreements is as follows:

(1) Agreement 1

Date

10 August 2023 (after trading hours)

Parties

- (a) The Purchaser; and
- (b) Vendor 1.

Assets to be acquired

The Purchaser has agreed to acquire, and Vendor 1 has agreed to dispose of, 49% equity interest in the Target Company.

Consideration

The consideration, being RMB2,053,500, is equivalent to 49% of the Final Bid Price, and was determined with reference 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) in the amount of RMB4,190,800 as at 31 December 2022 based on the asset-based approach.

On 26 July 2023, the Purchaser had already paid a deposit of RMB612,500 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 consideration amounting to RMB1,441,000 within 5 working days from the date of Agreement 1.

(2) Agreement 2

Date

10 August 2023 (after trading hours)

Parties

- (a) The Purchaser; and
- (b) Vendor 2.

Assets to be acquired

The Purchaser has conditionally agreed to acquire, and Vendor 2 has conditionally agreed to dispose of, 51% equity interest in the Target Company.

Consideration

The consideration, being RMB2,137,300, is equivalent to 51% of the Final Bid Price, and was determined with reference 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) in the amount of RMB4,190,800 as at 31 December 2022 based on the asset-based approach.

On 26 July 2023, the Purchaser had already paid a deposit of RMB637,500 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 consideration amounting to RMB1,499,800 within 5 working days from the date of Agreement 2.

Completion of the Acquisition

The Vendors shall procure the Target Company to commence the registration procedures for the transfer of the respective 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 Agreements.

Reasons for and benefits of the Acquisition

Vendor 1 was principally engaged in the development and operation of industrial parks. Upon the completion of its industrial park project by the end of 2022, Vendor 1 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. In 2023, the Company plans to undertake certain sporadic engineering work in its projects under management (in particular, new industrial park projects taken up by the Group). The Acquisition could facilitate the establishment of the Company's own sporadic engineering team and meet the demand for sporadic engineering and maintenance services arising from the Group's property management operations, thereby lowering the costs of provision of property management services and improving operating efficiency. Meanwhile, the Target Company has been providing professional services to Vendor 2, which is expected to continue upon completion of the Acquisition, bringing sustainable service income to the Company. For details, please refer to the section headed "(2) CONTINUING CONNECTED TRANSACTIONS" below.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements 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 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
	2021	2022	30 June 2023
	(RMB'000)	(RMB'000)	(RMB'000)
	(Audited)	(Audited)	(Unaudited)
Profit before tax	35	42	19
Profit after tax	26	41	14

As at 30 June 2023, the unaudited net assets of the Target Company is RMB4,081,776.

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

The original costs of investment incurred by the Vendor 1 and Vendor 2 in the Target Company were approximately RMB1,960,000 and RMB2,040,000, respectively, representing the Vendors' capital contribution in the Target Company.

(2) CONTINUING CONNECTED TRANSACTIONS

Upon completion of the Acquisition, the Target Company will enter into the Services Procurement Framework Agreement with Vendor 2, pursuant to which the Target Company has agreed to provide the Maintenance Services and the Water Treatment Services to Vendor 2 for a term commencing from the date thereof to 31 December 2025.

The Services Procurement Framework Agreement

The principal terms of the Services Procurement Framework Agreement are set out as below:

Parties

- (a) The Target Company; and
- (b) Vendor 2.

Term

Subject to compliance with the Listing Rules, for a term commencing from the date of the Services Procurement Framework Agreement and ending on 31 December 2025 (both days inclusive). The term may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.

Subject matter

The Target Company will provide Vendor 2 with (i) facility and water supply maintenance services (the “**Maintenance Services**”); and (ii) water plant sanitation, water purification and sludge drying services (the “**Water Treatment Services**”). The relevant parties shall enter into individual service agreements, terms of which shall be consistent with the principal terms of the Services Procurement Framework Agreement in all material aspects.

Pricing policy

Under the Services Procurement Framework Agreement, the price for the Maintenance Services and the Water Treatment Services to be charged by the Target Company should be determined on arm’s length basis, taking into account the following:

- (i) *in respect of the Maintenance Services*: the specific requirements and expected costs of the services (including labour costs, facilities costs and raw material costs), and determined through public tender, competitive negotiations and other methods; and
- (ii) *in respect of the Water Treatment Services*: the labour costs, facilities costs and raw material costs, with reference to the prevailing market prices and the prices charged by the Target Company when providing similar services to Independent Third Parties.

The terms of the services offered by the Target Company to Vendor 2 shall be no more favourable than those made available to Independent Third Parties with similar terms.

Payment arrangement

The payment mechanism for all fees and payments due to the Target Company pursuant to the transactions contemplated under the Services Procurement Framework Agreement should be specified in the relevant specific agreement to be entered into by the parties.

Proposed annual caps

The proposed annual caps under the Services Procurement Framework Agreement for the period from the date thereof to 31 December 2023 and the two years ending 31 December 2025 are set out below:

	For the period from the date of the Services Procurement Framework Agreement to 31 December 2023 RMB'000	For the year ending 31 December 2024 RMB'000	For the year ending 31 December 2025 RMB'000
Maintenance Services	4,000	25,000	25,000
Water Treatment Services	2,500	5,000	5,000

The proposed annual caps were determined based on (i) the historical transaction amount under the existing agreements between the Target Company and Vendor 2 in relation to the provision of the Maintenance Services and the Water Treatment Services; and (ii) the expected business needs of Vendor 2 for the Maintenance Services and the Water Treatment Services during the term of the Services Procurement Framework Agreement.

Reasons for and benefits of entering into the Services Procurement Framework Agreement

The Target Company has been providing the Maintenance Services and the Water Treatment Services to Vendor 2 since 2021. The Board considers that in light of the continuous development of the cities at which Vendor 2 operates, it is expected that the water production business of Vendor 2 will continue to expand, which will be advantageous to the business growth of the Target Company. The continuation of the provision of services by the Target Company to Vendor 2 upon completion of the Acquisition will bring sustainable service income to the Company.

Therefore, the Directors (including the independent non-executive Directors) are of the view that the terms of the Services Procurement Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Internal control measures

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole.

The relevant personnel and management of the Group will review and assess the terms before entering into each individual agreement to ensure they are consistent with the principles and provisions set out in the Services Procurement Framework Agreement.

In order to ensure the price terms are in accordance with the Services Procurement Framework Agreement and with reference to prevailing market prices of similar services, before entering into any individual agreement, the marketing department of the Group will collect the following information:

- (a) at least three other contemporaneous transactions of the Target Company of similar services (in terms of nature, size and location of the properties, the scope of services and the anticipated operational costs) quoted by Independent Third Parties; and
- (b) prices charged by at least three other engineering construction companies in the PRC (if available) of comparable transactions with Independent Third Parties collected through, among others, information exchange within the industry and publicly available tender information.

After collecting the relevant information, the marketing department of the Group would determine a price to be offered to Vendor 2 which will not be less than the prices offered by the Target Company to Independent Third Parties.

In respect of all of its continuing connected transactions, the Company has also established monitoring procedures in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the Services Procurement Framework Agreement are conducted in accordance with its terms and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

Further, the finance department of the Group will monitor the actual transaction amounts and quarterly report will be made by the management team in relation to the aggregate transaction amounts and utilization rates of the annual caps to ensure that the annual caps will not be exceeded. In addition, where a threshold of 70% of the utilization rate is met, the finance department will alert the management team to consider revising the annual caps in accordance with the relevant requirements of the Listing Rules.

The independent non-executive Directors will continue to review the transactions contemplated under the Services Procurement Framework Agreement and the auditors of the Company will also conduct an annual review on the pricing terms and proposed annual caps of the relevant continuing connected transactions thereof.

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 Vendors

Vendor 1 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, Vendor 1 is owned as to 100% by SND Company, a wholly state-owned company established in the PRC and a controlling shareholder of the Company.

Vendor 2 is a company established in the PRC with limited liability and is principally engaged in the production of tap water and related facilities in Suxin District and the design and construction of water supply network. As at the date of this announcement, Vendor 2 is owned as to 92.9% by SND Company, a wholly state-owned company established in the PRC, and 7.1% by SND Gaoxin Tech Industry Co., Ltd.* (蘇州新區高新技術產業股份有限公司), an A-share company listed on the Shanghai Stock Exchange (stock code: 600736) which is owned as to approximately 43.79% by SND Company.

The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in engineering construction services. As at the date of this announcement, the Target Company is owned as to 49% by Vendor 1 and 51% by Vendor 2.

BOARD APPROVAL

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, Vendor 1 is a direct wholly-owned subsidiary of SND Company and Vendor 2 is a non-wholly owned subsidiary of SND Company. As SND Company is a controlling shareholder of the Company, each of the Vendors is a connected person 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.

As the highest applicable percentage ratio (as defined under Rule 14A.07 of the Listing Rules) in respect of the highest annual caps under the Services Procurement Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Services Procurement Framework Agreement shall be subject to the reporting, annual review and announcement requirements, but are exempt from the 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 Agreements
“Agreements”	Agreement 1 and Agreement 2, collectively
“Agreement 1”	the asset transaction agreement dated 10 August 2023 entered into between the Purchaser and Vendor 1 in relation to the acquisition of Sale Equity 1
“Agreement 2”	the asset transaction agreement dated 10 August 2023 entered into between the Purchaser and Vendor 2 in relation to the acquisition of Sale Equity 2
“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 RMB4,190,800
“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, being RMB4,190,800
“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 Third Party(ies)”	an individual(s) or a company(ies) who or which to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company or its connected persons as defined under the Listing Rules
“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”	Sale Equity 1 and Sale Equity 2, collectively
“Sale Equity 1”	49% equity interest in the Target Company held by Vendor 1
“Sale Equity 2”	51% equity interest in the Target Company held by Vendor 2
“Services Procurement Framework Agreement”	the services procurement framework agreement to be entered into between the Target Company and Vendor 2 upon completion of the Acquisition
“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 Runjia Engineering Co., Ltd.* (蘇州潤嘉工程有限公司), a company established in the PRC with limited liability and owned as to 49% by Vendor 1 and 51% by Vendor 2 as at the date of this announcement
“Vendors”	Vendor 1 and Vendor 2, collectively
“Vendor 1”	Suzhou Gaoxin Zhitai Innovation Development Co., Ltd.* (蘇州高新智泰創新發展有限公司)
“Vendor 2”	Suzhou High tech Zone Water Supply Co., Ltd.* (蘇州高新區自來水有限公司)
“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.