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## **Xingye Wulian Service Group Co. Ltd.**

**興業物聯服務集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9916)**

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF HENAN ZHENG ZHI YUE REAL ESTATE CO., LTD**

**Independent Financial Adviser to the Independent Board Committee and  
the independent Shareholders**



**建泉融資有限公司**  
**VBG Capital Limited**

#### **THE ACQUISITION**

The Board is pleased to announce that on 5 July 2023 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share, representing the entire issued share capital of the Target Company at the consideration of RMB95,000,000. In accordance with the terms and conditions of the Agreement, the Consideration will be paid in cash by the Purchaser within six months from the date of the Agreement.

#### **LISTING RULES IMPLICATIONS**

##### **Major transaction**

As the highest of all applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition together with the assumption of the shareholder's loan from the Vendor constitutes a major transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **Connected transaction**

Ms. Zhang is our non-executive Director and one of our controlling shareholders and therefore is a connected person of the Company. As at the date of this announcement, the entire issued share capital in Ever Diamond is ultimately owned by a discretionary trust established by Ms. Huang, who is the mother of Ms. Zhang, as settlor and protector, and Vistra Trust (Singapore) Pte. Limited as trustee and Ms. Huang and Ms. Zhang as beneficiaries under the discretionary trust. Accordingly, Ever Diamond is an associate of Ms. Zhang and connected person of the Company under Rule 14A.07(4) of the Listing Rules.

As the Vendor is a company beneficially owned and ultimately controlled by Ms. Huang, the entering into of the Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules. The entering into of the Agreement and the transactions contemplated thereunder, including but not limited to the Acquisition are therefore subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Agreement. VBG Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the independent Shareholders in respect of the Agreement and the transactions contemplated thereunder and as to voting.

The EGM will be convened and held for the independent Shareholders to consider and, if thought fit, approve, the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the valuation report issued by the Independent Valuer on the Property Project; (iii) recommendation of the Independent Board Committee; (iv) letter of advice from the Independent Financial Adviser; (v) other information as required to be disclosed under the Listing Rules; and (vi) a notice of the EGM and a form of proxy is expected to be despatched by the Company to the Shareholders on or before 26 July 2023.

**Completion is subject to fulfilment of the Conditions, and the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **THE ACQUISITION**

The Board is pleased to announce that on 5 July 2023 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share, representing the entire issued share capital of the Target Company, free from all encumbrances and together with all rights and benefits attaching thereto at any time on or after the Completion Date, at the consideration of RMB95,000,000. In accordance with the terms and conditions of the Agreement, the Consideration will be paid in cash by the Purchaser within six months from the date of the Agreement.

Summarised below are the principal terms of the Agreement:

## **THE AGREEMENT**

Date: 5 July 2023

Purchaser: Henan Xingye Internet of Things Management Technology Co., Ltd.\* (河南興業物聯網管理科技有限公司), an indirect wholly-owned subsidiary of the Company

Vendor: Zensun Real Estate Co., Ltd.\* (河南正商置業有限公司)

### **Subject Matter**

Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share, representing the entire issued share capital of the Target Company, free from all encumbrances and together with all rights and benefits attaching thereto at any time on or after the Completion Date.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Group.

### **Consideration**

The Consideration is RMB95,000,000. In accordance with the terms and conditions of the Agreement, the Consideration will be paid in cash by the Purchaser within six months from the date of Agreement.

The Consideration was determined after arm's length negotiations with reference to, among others:

1. the indicative valuation of the Property Project of the Target Company as at 30 April 2023 issued by the Independent Valuer at RMB277,000,000 (equivalent to approximately HK\$315,780,000);

2. the unaudited net asset value of the Target Company as at 30 April 2023 in an amount of approximately RMB92,547,000 (equivalent to approximately HK\$105,504,000);
3. the unaudited Reassessed NAV of the Target Company in an amount of approximately RMB93,978,000 (equivalent to approximately HK\$107,135,000) which was determined by adding (i) the unaudited net assets value of the Target Company as at 30 April 2023; and (ii) the increase in the unaudited net assets value of the Target Company in an amount of approximately RMB1,431,000 (equivalent to approximately HK\$1,631,000) arising from the indicative valuation of the Property Project of the Target Company as at 30 April 2023 as assessed by the Independent Valuer;
4. the business development and future prospects of the Target Company as stated under the section headed “Information of the Target Company” below; and
5. the reasons and benefits of entering into the Acquisition as stated under the section headed “Reasons for and benefits of entering into the Acquisition” below.

## **Conditions**

### *Payment Conditions*

The payment of the Consideration is subject to and conditional upon, including but not limited to, the fulfilment (or waiver) of the following Conditions:

- (i) all necessary approval or consents in connection with the Agreement and its performance obligations having been obtained;
- (ii) the passing of all resolutions by the independent Shareholders (who are entitled to vote and not required to be abstained from voting under the Listing Rules) at a general meeting of the Company approving the entering into the Agreement by the Company and the performance of the transactions contemplated hereunder including, but not limited to, the Acquisition, in accordance with the relevant provisions in the Listing Rules, the articles of the association of the Company and the applicable laws and regulations in the PRC;
- (iii) the warranties provided by the Vendor under the Agreement remaining true and accurate; and
- (iv) there being no adverse change which may render the performance of the Agreement invalid under the applicable laws and regulations in the PRC.

### *Completion Conditions*

Completion is subject to and conditional upon, including but not limited to, the fulfilment (or waiver) of the following Conditions:

- (i) as at the Completion Date, the Sale Share together with all rights and benefits attaching thereto (including the respective land use rights and buildings corresponding to the Property Project held by the Target Company) are free from encumbrances;

- (ii) the warranties provided by the Vendor under the Agreement remaining true and accurate; and
- (iii) there being no adverse change which may render the performance of the Agreement invalid under the applicable laws and regulations in the PRC.

The Long Stop Date is either (1) within six months after the signing of the Agreement for the fulfillment of the Payment Conditions; or (2) within four months after the settlement of the Consideration in full for the fulfillment of the Completion Conditions. Under either circumstances, if the Conditions are not fulfilled or waived (as the case may be) on or before the Long Stop Date, all rights and obligations of the Vendor and the Purchaser under the Agreement shall cease and terminate and the Vendor shall forthwith refund to the Purchaser the Consideration paid under the Agreement (if any) without interest.

### **Completion**

Completion shall take place on the Completion Date or on such other date as the Parties may agree in writing. Upon Completion, the Target Company will become a subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial results of the Group.

### **Assumption of Shareholder's Loan**

As at the date of this announcement, the Target Company is indebted to the Vendor in the amount of approximately RMB145,155,000. According to the terms of the Agreement, the Target Company will repay the full amount of the shareholder's loan to the Vendor within 6 months from the Completion Date.

### **INFORMATION OF THE GROUP**

The Group is principally engaged in property management and value-added services and property engineering services.

The Purchaser is a limited liability company established under the laws of the PRC, an indirect wholly-owned subsidiary of the Company and is principally engaged in internet of things technology development, hotel and property management services.

### **INFORMATION OF THE TARGET COMPANY**

The Target Company was established on 30 March 2018. It is a real estate developing company incorporated in the PRC. As at the date hereof, the entire issued share capital of the Target Company is held by the Vendor.

## **Property Project held by the Target Company**

As at the date of this announcement and upon Completion, the Target Company shall own the property under development in Zhengzhou City, Henan Province, the PRC. Set out below are the details of the Property Project which is directly held by the Target Company:

<b>Property project:</b>	<b>Zhengzhou Zensun Centre Project</b>
<b>Registered owner:</b>	The Target Company
<b>Date(s) of issue of the land use rights certificate(s):</b>	31 May 2018
<b>Site area of the land(s) (in square meters):</b>	14,923.11
<b>Location(s):</b>	East Ruyi Road West and South Ruyi River West 1st Street, Zhengzhou City, Henan Province
<b>Term(s) of the land use rights:</b>	40 years
<b>Type(s) of land usage:</b>	Commercial Service
<b>Gross floor area (in square meters):</b>	44,655
<b>Expected/Actual completion year(s):</b>	31 December 2025
<b>Current status:</b>	Under development
<b>Plot ratio(s):</b>	2.99

## Financial information of the Target Company

Set out below is the financial information of the Target Company for the two years ended 31 December 2021 and 2022 and for the four months ended 30 April 2023:

	For the year ended 31 December		For the four months ended
	2021	2022	30 April 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)
Loss before taxation	1,669	1,504	452
Loss after taxation	1,669	1,504	452

Set out below is the financial position of the Target Company as at 30 April 2023:

	As at 30 April 2023
	<i>RMB'000</i>
	(audited)
Net assets	92,547

## Subsisting transactions of Target Company

The Target Company has entered into a construction contract with Zhengyang Construction, pursuant to which the Target Company agreed to engage Zhengyang Construction as the contractor for the provision of design and construction services for the Property Project. The transactions contemplated under the said agreement shall, upon Completion, constitute major and continuing connected transactions for the Company under Chapter 14 and Chapter 14A of the Listing Rules. The Company will make further announcement(s) in relation to such major and continuing connected transactions.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION

As disclosed above, the Group is principally engaged in property management and value-added services and property engineering services.

The Directors consider that the property management market industry in which the Group operates has intensified and the competition are increasingly fierce. The Group may not be able to procure new property management service contracts as planned or at desirable pace or price. To maintain its business growth, the Group has appointed Mr. Qiu Ming as the executive Director, chairman and chief executive officer of the Company on 28 April 2023 with a view to bring his insights and strategic visions into the Group to develop and pursue sustainable business strategies as well as seize profitable market opportunities. Under the leadership of Mr. Qiu, the Group has conducted a strategic review of its business.

The Company sees the opportunities to step forward and continue to develop our potential in commercial properties, especially at prime locations. Such includes but is not limited to opportunities arising from distressed sale from property developers in the property market in the PRC. As such, we see the market is gradually correcting which allows properties at prime location to become available in the market. Further, in light of our track record in property management and value-added services to our customers, we foresee that the Group can also expand our existing services to property projects which are still under development. We believe that the Group can fully integrate our IOT (Internet of things) solutions if the Company is involved in an earlier stage of property development projects.

The Directors consider that the foray into a new business segment in investment, development and construction of non-residential properties, with the primary objective of long-term holding, leasing and management of such properties in the PRC, provides good opportunity to the Group to tap the new market which is of greater growth potential and higher profit margin.

It is expected that there will be high growth potential in the property construction industry in the PRC. Given that the Property Project by the Target Company currently relates to development of a hotel, for which the Target Company has engaged a hotel management company to, inter alia, manage the operation and promote the business of the hotel, and saleable commercial units, by entering into of the Agreement, the Directors believe the Property Project under the Target Company will deliver attractive return to the Group in the medium to long term spectrum.

Having considered above, the Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be issued by the Company after considering the advice from the Independent Financial Adviser and excluding Ms. Zhang who abstained from voting due to Ms. Huang's material interest in the Acquisition) are of the view that the Acquisition is in the interests of the Group, and the terms of the Agreement (including but not limited to the Consideration) are on normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

### **Major transaction**

As the highest of all applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition together with the assumption of the shareholder's loan from the Vendor constitutes a major transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Connected transaction**

Ms. Zhang is our non-executive Director and one of our controlling shareholders and therefore is a connected person of the Company. As at the date of this announcement, the entire issued share capital in Ever Diamond is ultimately owned by a discretionary trust established by Ms. Huang, who is the mother of Ms. Zhang, as settlor and protector, and Vistra Trust (Singapore) Pte. Limited as trustee and Ms. Huang and Ms. Zhang as beneficiaries under the discretionary trust. Accordingly, Ever Diamond is an associate of Ms. Zhang and connected person of the Company under Rule 14A.07(4) of the Listing Rules.



Based on the information provided by the Vendor, (i) the Vendor is an indirect wholly-owned subsidiary of Ever Diamond; (ii) Ever Diamond is a wholly-owned subsidiary of HQ Neptune Investments Limited, which in turn is wholly-owned by Zensun International Holdings Company Limited. Zensun International Holdings Company Limited is wholly-owned by Zensun Group Limited; and (iii) Zensun Group Limited is a wholly-owned subsidiary of Notable Reward Limited, which in turn is wholly-owned by Superior Glory Enterprises Limited and the entire issued share capital of Superior Glory Enterprises Limited is the assets of a discretionary trust established by Ms. Huang as settlor and protector and Vistra Trust (Singapore) Pte Limited as trustee.

As the Vendor is a company beneficially owned and ultimately controlled by Ms. Huang, the entering into of the Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules. The entering into of the Agreement and the transactions contemplated thereunder, including but not limited to the Acquisition are therefore subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, since Ms. Zhang is considered to have material interests in the Agreement and the transactions contemplated thereunder, Ms. Zhang had abstained from voting on the Board resolutions of the Company to approve the Agreement and the transactions contemplated thereunder. Save for the aforementioned, no other Director has a material interest in the Agreement and the transactions contemplated thereunder and therefore is required to abstain from voting on the Board resolutions of the Company to approve any of the same.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Agreement. VBG Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the independent Shareholders in respect of the Agreement and the transactions contemplated thereunder and as to voting.

The EGM will be convened and held for the independent Shareholders to consider and, if thought fit, approve, the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition.

Foison Amber Development Limited, being the controlling shareholder and an associate of Ms. Zhang, holding 226,350,000 shares, representing approximately 56.59% of the entire issued share capital, of the Company as at the date of this announcement, shall have a material interest in relation to the Agreement and the transactions contemplated thereunder and shall be required to abstain from voting on the resolution of the Company in approving the Agreement and the transactions contemplated thereunder at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution of the Company in approving the Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the valuation report issued by the Independent Valuer on the Property Project; (iii) recommendation of the Independent Board Committee; (iv) letter of advice from the Independent Financial Adviser; (v) other information as required to be disclosed under the Listing Rules; and (vi) a notice of the EGM and a form of proxy is expected to be despatched by the Company to the Shareholders on or before 26 July 2023.

**Completion is subject to fulfilment of the Conditions, and the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Acquisition”	the acquisition of Sale Share under the Agreement
“Agreement”	the agreement entered into between the Vendor and the Purchaser on 5 July 2023 in relation to sale and purchase of Sale Share in the Target Company
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday) on which commercial banks are open for business in Hong Kong
“Company”	Xingye Wulian Service Group Co. Ltd. (興業物聯服務集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (stock code: 9916)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Agreement
“Completion Date”	the date of Completion

“Conditions”	the condition(s) precedent to Completion set out in the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition
“Ever Diamond”	Ever Diamond Global Company Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee	an independent committee of the Board which comprises all the independent non-executive Directors to advise the independent Shareholders on the fairness and reasonableness of terms of the Agreement, and to advise the independent Shareholders how to vote at the EGM
“Independent Financial Adviser”	VBG Capital Limited (建泉融資有限公司), a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Valuer”	APAC Asset Valuation and Consulting Limited, an independent professional valuer appointed by the Company for the valuation of the Property Project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	the long stop date as stated under the paragraph headed “Conditions” in this announcement (or such other date as the Vendor and the Purchaser may agree in writing)
“Ms. Huang”	Ms. Huang Yanping, the mother of Ms. Zhang
“Ms. Zhang”	Ms. Zhang Huiqi, a non-executive Director and a controlling shareholder of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property Project”	the property development project undertaken by the Target Company in Zhengzhou City, Henan Province, PRC with details set out in the paragraph “Information of the Target Company”
“Purchaser”	Henan Xingye Internet of Things Management Technology Co., Ltd.* (河南興業物聯網管理科技有限公司), a limited liability company established under the laws of the PRC and is indirectly wholly-owned by the Company
“Reassessed NAV”	the unaudited reassessed net assets value of the Target Company as at 30 April 2023, determined with reference to the basis and adjustments as set out under sub-paragraph headed “Consideration” under the paragraph headed “The Agreement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	the entire issued share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Henan Zheng Zhi Yue Real Estate. Co., Ltd* (河南正之悦置業有限公司), a company incorporated in the PRC with limited liability owned as to 100% by the Vendor as at the date hereof

“Vendor”	Henan Zensun Real Estate. Co., Ltd.* (河南正商置業有限公司), a limited liability company established under the laws of the PRC and is indirectly owned as to 100% by Ms. Huang
“Zhengyang Construction”	Henan Zhengyang Construction Engineering Group Co., Ltd.* (河南正陽建設工程集團有限公司), a limited liability company established under the laws of the PRC and is indirectly non-wholly owned by Ms. Zhang
“%”	per cent.

\* For identification purpose only

*For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1 to HK\$1.14. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this rate or any other rate.*

By Order of the Board  
**Xingye Wulian Service Group Co. Ltd.**  
**Qiu Ming**  
*Chairman and Chief Executive Officer*

Hong Kong, 5 July 2023

*As at the date of this announcement, the Board comprises Mr. Qiu Ming as the executive Director; Ms. Zhang Huiqi, Mr. Wang Jinhua and Mr. Liu Zhenqiang as non-executive Directors and Mr. Xu Chun, Mr. Feng Zhidong and Mr. Zhou Sheng as independent non-executive Directors.*