

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **S-Enjoy Service Group Co., Limited**

**新城悅服務集團有限公司**

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

**(Stock Code: 1755)**

### **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION RECTIFICATION OF BREACH OF THE LISTING RULES**

Reference is made to the announcement of the annual results for the year ended 31 December 2022 of the Company dated 29 March 2023. As set out in note 11 to the consolidated financial statements in the said announcement, the outstanding balance of deposits paid by the Group as at 31 December 2022 amounted to approximately RMB665.8 million. As confirmed by the Directors, out of such sum, approximately RMB560.8 million was outstanding balance of Historical Refundable Deposits paid to Mr. Wang's Associated Companies (who are the connected persons of the Company) in relation to the Parking Lot Sales Agency Services provided by the Group.

#### **RECTIFICATION OF BREACH OF THE LISTING RULES**

During the year ended 31 December 2022 and up to the date of this announcement, the Group had paid the Historical Refundable Deposits in an aggregate amount of approximately RMB373.3 million to Mr. Wang's Associated Companies. As at the date of this announcement, the outstanding balance of the Historical Refundable Deposits amounts to approximately RMB549.6 million. As the highest applicable percentage ratios for the Historical Refundable Deposits have exceeded 5%, such transactions constituted continuing connected transactions and discloseable transactions of the Company which is subject to (i) the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Furthermore, as the assets ratio with respect to the outstanding balance of the Historical Refundable Deposits as at the date of this announcement exceeds 8%, the Company is subject to the disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

During the year ended 31 December 2022 and up to the date of this announcement, due to the inadvertent oversight of the management, the Company had not complied with the aforesaid requirements under the Listing Rules prior to and/or after making the payment of the Historical Refundable Deposits, and hence such payments and the subsequent failure of disclosure constituted breaches of the rules under Chapter 14, 14A and 13 of the Listing Rules.

As disclosed in the section headed “A.3. Reasons for failure to comply with the requirements under the Listing Rules” in this announcement, the Board wishes to clarify that the abovementioned breach of the Listing Rules was due to an inadvertent oversight. The Company regrets such unintentional breach of the Listing Rules and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

## **EGM**

The Company proposes to put forward an ordinary resolution at the EGM for the Independent Shareholders to consider and, if thought fit, the ratification of the payment of the Historical Refundable Deposits. In the event that such ordinary resolution is not passed at the EGM, Mr. Wang’s Associated Companies undertake to refund the outstanding balance of the Historical Refundable Deposits to the Group within five days after the date of the EGM.

A circular containing, among other things, details of the Proposed Rectification, a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders, a letter from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Proposed Rectification, and a notice of the EGM to be convened to approve the Proposed Rectification is expected to be despatched to the Shareholders on or before 16 June 2023, taking into account the additional time required for the Company to prepare and finalize

## A. RECTIFICATION OF BREACH OF THE LISTING RULES

Reference is made to the announcement of the annual results for the year ended 31 December 2022 of the Company dated 29 March 2023. As set out in note 11 to the consolidated financial statements in the said announcement, the outstanding balance of deposits paid by the Group as at 31 December 2022 amounted to approximately RMB665.8 million. As confirmed by the Directors, out of such sum, approximately RMB560.8 million was outstanding balance of Historical Refundable Deposits paid to Mr. Wang's Associated Companies (who are the connected persons of the Company) in relation to the Parking Lot Sales Agency Services provided by the Group. During the year ended 31 December 2022, the total amount of Historical Refundable Deposits paid by the Group to Mr. Wang's Associated Companies amounted to approximately RMB359.8 million. Subsequent to 31 December 2022 and up to the date of this announcement, the Group has further paid the Historical Refundable Deposits in an aggregate amount of approximately RMB13.5 million to Mr. Wang's Associated Companies. As of the date of this announcement, the outstanding balance of the Historical Refundable Deposits amounts to approximately RMB549.6 million.

### A.1. Background of the Historical Refundable Deposits

The Historical Refundable Deposits were interest-free Parking Lot Refundable Deposits paid by the Group to Mr. Wang's Associated Companies pursuant to the relevant Parking Lot Sales Agency Services Subsidiary Agreements in the ordinary course of rendering the Parking Lot Sales Agency Services under the 2022 Services Framework Agreement. Generally, for Parking Lot Sales Agency Services which are provided under the exclusive distribution arrangement (i.e. an agreement between the Group and the customer (Mr. Wang's Associated Companies in this case), whereby an exclusive right to sell all parking lots of a particular project is granted to the Group), the Group would normally be required to pay the Parking Lot Refundable Deposits to Mr. Wang's Associated Companies calculated as follows:

$$\begin{array}{l} \text{Parking Lot Refundable} \\ \text{Deposits payable under} \\ \text{the relevant Parking Lot} \\ \text{Sales Agency Services} \\ \text{Subsidiary Agreement} \end{array} = \begin{array}{l} \text{Base price of each parking} \\ \text{lot}^{\#} \end{array} * \begin{array}{l} \text{Number of parking lots under} \\ \text{the relevant Parking Lot Sales} \\ \text{Agency Services Subsidiary} \\ \text{Agreement} \end{array}$$

# Base price is the pre-determined acceptable lowest sales price. Subject to the terms of the Parking Lot Sales Agency Services Subsidiary Agreements, the Group's sales commissions are either based on (i) the difference between the actual sales prices and the base prices of subject parking lots; or (ii) the rate separately agreed between the Group and the purchaser of the parking lot.

The Parking Lot Refundable Deposits will generally be returned to the Group in the following manners: (i) upon completion of the sales of any parking lots, the Parking Lot Refundable Deposits corresponding to such parking lots that had been sold shall be returned to the Group along with the agreed sales commission; and (ii) with respect to the parking lots that the Group had not been able to procure any sales, such corresponding Parking Lot Refundable Deposits shall be returned back to the Group upon the expiration of the relevant Parking Lot Sales Agency Services Subsidiary Agreement (which generally has a term of three years). As confirmed by the Directors, the payment of Parking Lot Refundable Deposits is consistent with the industry practice in relation to parking lots sales agency services and the similar parking lots sales agency services that the Group provided to independent third parties. The Directors consider the payments are conducive for the Group to secure the engagement of the Group to provide Parking Lot Sales Agency Services, which would in turn ensure a stable income stream and enhance profitability of the Group. For further details regarding the Parking Lot Sales Agency Services rendered by the Group to Mr. Wang's Associated Companies, please refer to the announcement and circular of the Company dated 28 October 2021 and 3 December 2021, respectively.

## **A.2. Implications under the Listing Rules and the relevant non-compliance**

As at the date of this announcement, Mr. Wang is the controlling Shareholder. Mr. Wang's Associated Companies, being companies in which Mr. Wang can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries, are associates of Mr. Wang under the Listing Rules. As a result, Mr. Wang and Mr. Wang's Associated Companies are connected persons of the Company under the Listing Rules. Accordingly, the Group's payment of Historical Refundable Deposits to Mr. Wang's Associated Companies constitutes continuing connected transactions of the Company.

During the year ended 31 December 2022 and up to the date of this announcement, the Group had paid the Historical Refundable Deposits in an aggregate amount of RMB373.3 million to Mr. Wang's Associated Companies. As at the date of this announcement, the outstanding balance of the Historical Refundable Deposits amounts to approximately RMB549.6 million. As the highest applicable percentage ratios for the Historical Refundable Deposits have exceeded 5%, such transactions constituted continuing connected transactions and discloseable transactions of the Company which is subject to (i) the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Furthermore, as the assets ratio with respect to the outstanding balance of the Historical Refundable Deposits as at the date of this announcement exceeds 8%, the Company is subject to the disclosure obligations under Rules 13.13 and 13.15 of the Listing Rules.

During the year ended 31 December 2022 and up to the date of this announcement, due to the inadvertent oversight of the management, the Company had not complied with the aforesaid requirements under the Listing Rules prior to and/or after making the payments of the Historical Refundable Deposits, and hence such payments and the subsequent failure of disclosure constituted breaches of the rules under Chapter 14, 14A and 13 of the Listing Rules.

### **A.3. Reasons for failure to comply with the requirements under the Listing Rules**

The Directors wish to reiterate that the failure to observe the Listing Rules requirements as detailed in the paragraph “A.2. Implications under the Listing Rules and the relevant non-compliance” above was due to inadvertent oversight. The Historical Refundable Deposits are payment arrangements set out under the subsidiary agreements further entered into between the Group and Mr. Wang’s Associated Companies, for rendering the Parking Lot Sales Agency Services set out under the 2022 Services Framework Agreement. For the reasons and benefits of entering into the 2022 Services Framework Agreement, please refer to the announcement and the circular of the Company dated 28 October 2021 and 3 December 2021, respectively.

As the Historical Refundable Deposits are made during the normal and ordinary course of business of the Group in accordance with the industry norm and are refundable in nature, and other material terms of the relevant continuing connected transactions of the Parking Lot Sales Agency Services were already disclosed in the announcement and circular in relation to the 2022 Services Framework Agreement, the Directors did not recognize that the Historical Refundable Deposits may constitute as transactions with connected persons under Chapter 14 and 14A of the Listing Rules, which would be subject to disclosure and approval requirements under the Listing Rules. In the same reasoning as the above, the Directors also inadvertently failed to recognize such payments of deposits would constitute as advances to entity under Chapter 13 of the Listing Rules.

The Company deeply regret for the unintentional breach of the Listing Rules and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

#### **A.4. Rectification measures**

The Company proposes to put forward an ordinary resolution at the EGM for the Independent Shareholders to consider and, if thought fit, the ratification of the payment of the Historical Refundable Deposits. In the event that such ordinary resolution is not passed at the EGM, Mr. Wang's Associated Companies undertake to refund the outstanding balance of the Historical Refundable Deposits to the Group within five days after the date of the EGM.

#### **A.5. Enhanced Internal Control Measures**

To prevent the reoccurrence of the relevant breaches of Listing Rules, the Company will implement the following enhanced internal control measures:

- (a) The Company will as soon as possible engage an external counsel to provide training to the Board and the senior management of the Company on requirements under Chapter 14, 14A, 13 of the Listing Rules and others relevant requirements of the Listing Rules. Further, the Company will arrange continuous internal trainings on connected transactions to all relevant staff and senior management to reinforce and re-explain the relevant requirements under Chapter 14, 14A and 13 of the Listing Rules and others relevant requirements of the Listing Rules;
- (b) The Company shall regularly keep track of the outstanding balance of advances made to any entity (including connected persons of the Company) (within the meaning under Rule 13.13 of the Listing Rules). In the event the amount of advances is about to reach the disclosure threshold prescribed under Rules 13.13 to 13.15 of the Listing Rules, the Board shall be notified forthwith to prepare for follow up action, and the Board shall seek professional advice where necessary; and
- (c) The Company will monitor potential transactions which may constitute new connected transactions of the Group, by identifying the counterparties before signing the contracts and report them to the relevant personnel and senior management of the Company in advance. The relevant personnel and senior management will also consult professional advisers and the Stock Exchange (where necessary) in a timely manner prior to conducting such transaction(s).

## **B. INFORMATION OF THE PARTIES**

The Company is an experienced property management services provider in the PRC engaged in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services, and public area maintenances.

Mr. Wang is a controlling Shareholder. Mr. Wang has been involved in property development and property investment in the PRC via the Seazen Group. The principal business activities of Mr. Wang's Associated Companies (including the Seazen Group) are property development and property investment in the PRC.

## **C. GENERAL INFORMATION**

### **C.1. Directors' Confirmation**

As at the date of this announcement, Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang, was considered to have a material interest in the Proposed Rectification. As such, he has abstained from voting on the Board resolutions approving the Proposed Rectification. Save as mentioned above, none of the other Directors have a material interest in the Proposed Rectification, and therefore, no Director has abstained from voting on approval of the relevant resolutions.

### **C.2. EGM**

As disclosed in the paragraph headed "A.4. Rectification measures" above, an EGM will be convened and held for, among others, the Independent Shareholders to consider and, if thought fit, to approve the Proposed Rectification. All Shareholders who have a material interest in the Proposed Rectification will be required to abstain from voting at the EGM. Accordingly, Mr. Wang and his associates are required to abstain from voting at the EGM on the resolution in relation to the Proposed Rectification.

### **C.3. Independent Board Committee and Independent Financial Adviser**

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Zhang Yan, Mr. Zhu Wei and Mr. Xu Xinmin to advise the Independent Shareholders on the Proposed Rectification. None of the members of the Independent Board Committee has any interest in the Proposed Rectification.

The Company will appoint an Independent Financial Adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders on the Proposed Rectification.

#### **C.4. Circular**

A circular containing, among other things, details of the Proposed Rectification, a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders, a letter from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Proposed Rectification, and a notice of the EGM to be convened to approve the Proposed Rectification is expected to be despatched to the Shareholders on or before 16 June 2023, taking into account the additional time required for the Company to prepare and finalize the information for inclusion in the circular.

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“2022 Services Framework Agreement”	the services framework agreement dated 28 October 2021 entered into between Jiangsu Xinchengyue and Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang) in relation to the provision of certain property related services to Mr. Wang’s Associated Companies
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	S-Enjoy Service Group Co., Limited (新城悅服務集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company



“EGM”	the extraordinary general meeting to be held by the Company to consider and approve, among other things, the Proposed Rectification
“Group”	the Company and its subsidiaries
“Historical Refundable Deposits”	the Parking Lot Refundable Deposits paid by the Group to Mr. Wang’s Associated Companies during the year ended 31 December 2022 and up to the date of this announcement pursuant to the Parking Lot Sales Agency Services Subsidiary Agreements in connection with the Parking Lot Sales Agency Services, the particulars of which are further described in the paragraph headed “A.1. Background of the Historical Refundable Deposits” in this announcement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board consisting of all the independent non-executive Directors
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Rectification
“Independent Shareholder(s)”	the Shareholders, other than Mr. Wang and his associates and all other Shareholders interested in the Proposed Rectification
“Jiangsu Xinchengyue”	Jiangsu Xinchengyue Holdings Co., Ltd.* (江蘇新城悅控股有限公司), a company established in the PRC and one of the principal subsidiaries of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Wang”	Mr. Wang Zhenhua, the founder of the Company and a controlling shareholder

“Mr. Wang’s Associated Companies”	companies (including the Seazen Group) in which Mr. Wang can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries
“Parking Lot Refundable Deposits”	the refundable deposits to be paid by the Group to the relevant Mr. Wang’s Associated Companies pursuant to the Parking Lot Sales Agency Services Subsidiary Agreements in connection with the Parking Lot Sales Agency Services
“Parking Lot Sales Agency Services”	the parking lot sales agency services to be provided by the Group to Mr. Wang’s Associated Companies as contemplated under the 2022 Services Framework Agreement, the details of which are set out in the announcement and circular of the Company dated 28 October 2021 and 3 December 2021, respectively
“Parking Lot Sales Agency Services Subsidiary Agreement(s)”	the subsidiary agreement(s) entered into between the Group and the relevant Mr. Wang’s Associated Companies in connection with the Parking Lot Sales Agency Services under the 2022 Services Framework Agreement
“PRC”	the People’s Republic of China
“Proposed Rectification”	the rectification of the payment of the Historical Refundable Deposits, which is proposed by the Company to be put forward as an ordinary resolution at the EGM for approval by the Independent Shareholders
“RMB”	Renminbi, the lawful currency of the PRC
“Seazen”	Seazen Group Limited (新城發展控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1030)
“Seazen Group”	Seazen and its subsidiaries
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.01 each
“Shareholder(s)”	the holder(s) of the share(s) of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By order of the Board  
**S-Enjoy Service Group Co., Limited**  
**Qi Xiaoming**  
*Chairman*  
*Executive Director*  
*Chief Executive Director*

Hong Kong, 21 April 2023

*As at the date of this announcement, the Board comprises Mr. Qi Xiaoming, Mr. Gao Xinli and Ms. Wu Qianqian as executive Directors; Mr. Wang Xiaosong, Mr. Lv Xiaoping and Mr. Lu Zhongming as non-executive Directors; and Ms. Zhang Yan, Mr. Zhu Wei and Mr. Xu Xinmin as independent non-executive Directors.*

\* *For identification purpose only*