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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)

**CONTINUING CONNECTED TRANSACTION
2021 SERVICES FRAMEWORK AGREEMENT**

On 29 October 2020 (after trading hours), Tibet Xinchengyue (an indirect subsidiary of the Company) entered into the 2021 Services Framework Agreement with Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang), pursuant to which Tibet Xinchengyue has conditionally agreed to provide or procure the subsidiaries of the Group to provide certain property related services to Mr. Wang's Associated Companies (including the Seazen Group) for a term of one year expiring on 31 December 2021.

As at the date of this announcement, Mr. Wang is a controlling Shareholder. Accordingly, the transactions contemplated under the 2021 Services Framework Agreement constitute continuing connected transactions for the Company. As the applicable ratios for the Annual Cap for the 2021 Services Framework Agreement are more than 5%, the 2021 Services Framework Agreement and the Annual Cap are subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of the Board meeting, Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang, was considered as having a material interest in the transactions under the 2021 Services Framework Agreement. As such, he has abstained from voting on the Board resolutions approving the relevant agreement and the transactions contemplated thereunder (including the proposed Annual Cap). Save as mentioned above, none of the other Directors has a material interest in the transactions contemplated under the 2021 Services Framework Agreement, and therefore, no Director has abstained from voting on approval of the relevant resolutions.

An extraordinary general meeting will be convened and held for, among others, the Independent Shareholders to consider and, if thought fit, to approve the 2021 Services Framework Agreement and the Annual Cap. An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of 2021 Services Framework Agreement.

The Company has appointed Gram Capital Limited as the independent financial adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the 2021 Services Framework Agreement.

A circular containing, among other things, details of the 2021 Services Framework Agreement, a letter from the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2021 Services Framework Agreement, and a notice of the extraordinary general meeting to be convened to approve the 2021 Services Framework Agreement is expected to be despatched to the Shareholders on or before 30 November 2020 so as to allow sufficient time for the preparation of the aforesaid information for inclusion in the circular.

Reference is made to the announcement of the Company dated 25 November 2019 and the circular of the Company dated 27 December 2019 that, among other things, Tibet Xinchengyue (an indirect subsidiary of the Company) and Mr. Wang entered into the 2020 Services Framework Agreement on 25 November 2019 for the provision of certain property management services to Mr. Wang's Associated Companies (including the Seazen Group). As the 2020 Services Framework Agreement will expire on 31 December 2020, on 29 October 2020, Tibet Xinchengyue has entered into the 2021 Services Framework Agreement with Mr. Wang to renew the 2020 Services Framework Agreement for a period of one year commencing on 1 January 2021 to 31 December 2021.

THE 2021 SERVICES FRAMEWORK AGREEMENT

The 2021 Services Framework Agreement was entered into between Tibet Xinchengyue and Mr. Wang on 29 October 2020 (after trading hours) in relation to provision of certain property related services to Mr. Wang's Associated Companies (including the Seazen Group), for a term of one year from 1 January 2021 to 31 December 2021 subject to the Annual Cap.

The principal terms of the 2021 Services Framework Agreement are set out below:

Date:	29 October 2020
Parties:	(i) Tibet Xinchengyue; and (ii) Mr. Wang Xiaosong (as attorney for and on behalf of Mr. Wang)
Term:	The 2021 Services Framework Agreement shall be effective from 1 January 2021 to 31 December 2021 (both dates inclusive).
Property Management Services:	Tibet Xinchengyue is responsible for providing Mr. Wang's Associated Companies with a wide range of property management services, including maintenance, conservation and management of public areas of properties, ancillary facilities and other relevant locations, preserving the cleanliness and maintaining order of the relevant areas.

- Value-added Services:** The value-added services provided by Tibet Xinchengyue to Mr. Wang's Associated Companies entail:
- (a) provision of engineering and maintenance services of intelligent security equipments, e.g., surveillance system, access control system, parking system and indoor smart home system for properties developed by Mr. Wang's Associated Companies;
 - (b) provision of on-site sales assistance services, including on-site and sample room cleaning, security and customer services at the sale offices, exhibition halls, showrooms and clubhouses in the development projects;
 - (c) provision of property inspection services for development projects, including inspections on the properties, facilities and security systems in accordance with the acceptance standards of Mr. Wang's Associated Companies and provision of feedbacks on improvement measures;
 - (d) provision of property preliminary consultancy services including advising in the preliminary stage of property development, such as market positioning, project design and its functionality; giving opinions in relation to property management services on the engineering, procurement and design throughout the development process of the project; conducting risk assessment on the construction progress and pre-delivery site condition;
 - (e) provision of parking lots sales agency services for the parking lots developed by Mr. Wang's Associated Companies after the delivery of such parking lots;
 - (f) project management services for the property maintenance works during the warranty period after the delivery of the property developed by Mr. Wang's Associated Companies;
 - (g) provision of elevator installation services and maintenance services for elevators in some of the properties developed by Mr. Wang's Associated Companies;
 - (h) provision of on-site event planning and layout services for properties developed by Mr. Wang's Associated Companies; and
 - (i) provision of ad hoc services ancillary to the property management services and value-added services provided by Tibet Xinchengyue to Mr. Wang's Associated Companies for properties developed by Mr. Wang's Associated Companies, e.g., organising social events for residents of such properties.
- Pricing policy:** The pricing policies under each of the different type of services to be offered by Tibet Xinchengyue are as follows:

The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including the type of the development projects, the prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the operational costs (including labor costs, material costs and administrative costs) to be incurred in the course of the provision of the services plus a profit margin and the anticipated increase in such costs due to inflation and economic and social development. The service fees shall not be higher than the standard fees approved by the state pricing regulatory authorities (if available) in any event.

**Subsidiary
agreement(s):**

For each development project of Mr. Wang's Associated Companies which requires the property management services under the 2021 Services Framework Agreement, the relevant Mr. Wang's Associated Company and Tibet Xinchengyue or its subsidiaries will enter into a subsidiary agreement setting out the specific scope of services required and amount of fees payable in conformity with the principles (including the pricing policy mentioned above) set out in the 2021 Services Framework Agreement.

All transactions contemplated under the 2021 Services Framework Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis.

ANNUAL CAP AND ITS BASIS

The maximum annual service fees payable to the Group by Mr. Wang's Associated Companies for the property management services and value-added services contemplated under the 2021 Services Framework Agreement for the year ending 31 December 2021 shall not exceed RMB1,500 million.

In determining the Annual Cap, the Directors have considered, among other factors:

- (a) the aggregate amount of approximately RMB790 million settled by Mr. Wang's Associated Companies for property management services and value-added services for the nine months ended 30 September 2020;
- (b) the increase in the estimated demand of Mr. Wang's Associated Companies for property management services and value-added services for the year ending 31 December 2021: based on the public information disclosed by the Seazen Group, the plot ratio-based floor area of newly acquired lands of the Seazen Group from January to September 2020 represented an increase of approximately 28% over the corresponding period of 2019. Further, the Seazen Group has a total of gross floor area of 39,361,180 sq.m. of pre-sold but not delivered properties as at 30 June 2020. Based on such information of the Seazen Group in 2020, it is expected that the demand of Mr. Wang's Associated Companies for our property management services and value-added services (including intelligent construction service) will increase for the year ending 31 December 2021;

- (c) the expansion of our value-added services to cover two new services, namely the provision of elevator installation and maintenance services and provision of on-site event planning and layout services for the delivery of property units. The Group anticipates that these new services will cause an increase in the utilisation of their services and in turn an increase in the Annual Cap;
- (d) the historical amounts for property management services and value-added services for the two years ended 31 December 2018 and 2019 settled between the parties; and
- (e) other factors such as our Group's business plans and inflation.

HISTORICAL TRANSACTION AMOUNT UNDER THE 2020 SERVICES FRAMEWORK AGREEMENT

The historical transaction amount that the Group settled with Mr. Wang's Associated Companies for the property management services and value-added services for the nine months ended 30 September 2020 was approximately RMB790 million. The annual cap under the 2020 Services Framework Agreement for the year ending 31 December 2020 is RMB1,300 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2021 SERVICES FRAMEWORK AGREEMENT

The Company is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services, public area maintenances, whereas Mr. Wang has been involved in property development and property investment in the PRC via the Seazen Group. The Company has been providing such property management services to Mr. Wang's Associated Companies (including the Seazen Group) since 1996 and the Directors believe such services are of great assistance to Mr. Wang's Associated Companies (including the Seazen Group), as well as providing a steady stream of income to the Company. The 2021 Services Framework Agreement hence represents a stable and trustworthy business relationship which the Group can leverage to achieve its business objectives.

Each of the Directors (excluding the independent non-executive Directors whose opinion will be included in the letter of advice from the Independent Board Committee which forms part of the circular in respect of the transactions contemplated under the 2021 Services Framework Agreement to be despatched to the Shareholders after taking into account the advice from the independent financial adviser) is of the view that the 2021 Services Framework Agreement is entered into on an arm's length basis, on normal commercial terms, in the usual and ordinary course of business of the Group. The transactions contemplated under the 2021 Services Framework Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the transactions contemplated under the 2021 Services Framework Agreement will be on normal commercial terms, and that the relevant fees will not fall below the prevailing market rate, the guidance price of such services for similar type of development projects issued by the local government (if applicable) and the fees charged to the third party customers independent of the Group, the Group will adopt the following measures:

- (i) the finance department of the Group, will be responsible for regular monitoring of the continuing connected transactions contemplated under the 2021 Services Framework Agreement to ensure that the Annual Cap will not be exceeded, in particular, the Group will cease to enter into any new subsidiary agreement if such will cause the total contractual income to exceed the Annual Cap for that financial year;
- (ii) internal review will be conducted by the Group to assess, on a monthly basis, whether the provision of property management services and value-added services has been made in accordance with the terms of the 2021 Services Framework Agreement and in accordance with the aforesaid pricing policy;
- (iii) prior to entering into any subsidiary agreements, the personnel of various departments including the legal department, finance department and operation department of the Company will review and assess the specific terms and conditions of the transactions to ensure their consistency with the 2021 Service Framework Agreement. During such internal review process, the relevant personnel will examine, among others, (a) information of the parties; (b) the term of the agreement; (c) the type and scope of services to be provided by the Group thereunder; and (d) whether the contract price is in line with the aforesaid pricing policy, in order to ensure comment (if any) from various departments of the Group will be properly addressed;
- (iv) the Company will engage its auditors to conduct an annual review of the continuing connected transactions to be conducted pursuant to the 2021 Services Framework Agreement; and
- (v) the independent non-executive Directors will review the continuing connected transactions to be conducted pursuant to the 2021 Services Framework Agreement on an annual basis and confirm in the annual report of the Company for the year ending 31 December 2021 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the 2021 Services Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors consider that the personnel authorised to execute the above internal control measures possess relevant experience and expertise in relation thereto, and the above internal control measures can ensure that the continuing connected transactions contemplated under the 2021 Services Framework Agreement will be conducted on normal commercial terms in a manner not prejudicial to the interests of the Company and its Shareholders.

INFORMATION ON THE GROUP AND MR. WANG

The Company is an experienced property management services provider in the PRC engaging 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.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Wang is a controlling Shareholder. Accordingly, the transactions contemplated under the 2021 Services Framework Agreement constitute continuing connected transactions for the Company. As the applicable ratios for the Annual Cap for the 2021 Services Framework Agreement are more than 5%, the 2021 Services Framework Agreement and the Annual Cap are subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of the Board meeting, Mr. Wang Xiaosong, a non-executive Director and the son of Mr. Wang, was considered as having a material interest in the transactions under the 2021 Services Framework Agreement. As such, he has abstained from voting on the Board resolutions approving the relevant agreement and the transactions contemplated thereunder (including the proposed Annual Cap). Save as mentioned above, none of the other Directors has a material interest in the transactions contemplated under the 2021 Services Framework Agreement, and therefore, no Director has abstained from voting on approval of the relevant resolutions.

An extraordinary general meeting will be convened and held for, among others, the Independent Shareholders to consider and, if thought fit, to approve the 2021 Services Framework Agreement and the Annual Cap. An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of 2021 Services Framework Agreement.

The Company has appointed Gram Capital Limited as the independent financial adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the 2021 Services Framework Agreement.

A circular containing, among other things, details of the 2021 Services Framework Agreement, a letter from the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2021 Services Framework Agreement, and a notice of the extraordinary general meeting to be convened to approve the 2021 Services Framework Agreement is expected to be despatched to the Shareholders on or before 30 November 2020 so as to allow sufficient time for the preparation of the aforesaid information for inclusion in the circular.

DEFINITIONS

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

“2020 Services Framework Agreement”	the services framework agreement dated 25 November 2019 entered into between Tibet 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;
“2021 Services Framework Agreement”	the services framework agreement dated 29 October 2020 entered into between Tibet 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;
“Annual Cap”	the annual cap of RMB1,500 million for the service fees payable by Mr. Wang’s Associated Companies to the Group under the 2021 Services Framework Agreement for the year ending 31 December 2021;
“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Company”	S-Enjoy Service Group Co., Limited, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on 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)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	a board of committee, comprising the independent non-executive Directors, to be established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the 2021 Services Framework Agreement and the Annual Cap;
“Independent Shareholders”	the Shareholders, other than Mr. Wang and his associates, and all other Shareholders interested in the 2021 Services Framework Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“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;
“PRC”	The People’s Republic of China;
“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 Stock Exchange (HKEX 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 shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tibet Xinchengyue”	Tibet Xinchengyue Property Services Co., Ltd. (西藏新城悅物業服務股份有限公司), a company incorporated in the PRC, and the principal operating subsidiary of the Group; and
“%”	per cent.

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

Hong Kong, 29 October 2020

As at the date of this announcement, the Board comprises Mr. Qi Xiaoming, Ms. Wu Qianqian and Mr. Lan Ziyong 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.