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S-ENJOY SERVICE GROUP CO., LIMITED

新城悦服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1755)

**SUPPLEMENTAL ANNOUNCEMENT
PLACING OF NEW SHARES UNDER GENERAL MANDATE**

Joint Global Coordinators, Bookrunners and Placing Agents



Reference is made to the announcement of the Company dated March 16, 2021 (the “**Announcement**”) in relation to the Placing. Unless otherwise defined, capitalized terms used herein shall denote the same meanings as those defined in the Announcement.

The Board wishes to provide further information in relation to the Placing.

REASONS FOR THE PLACING

The Board wishes to further elaborate on various factors considered in conducting the Placing as follows:

- (1) The Board appreciates that there were cash and cash equivalents of the Company in the sum of approximately RMB1.88 billion as at 31 December 2020. The Board would like to draw to the Shareholders' attention that the cash and cash equivalents of the Group are due to the receipt of prepaid property management fees by property owners and such amount will be utilized by the Company as working capital in its ordinary course of business, details of its usage are set out below:
 - a. Approximately 40% will be utilized as working capital for its property management projects;
 - b. Approximately 20% will be utilized as working capital for its community related value-added services;
 - c. Approximately 20% are reserves for future acquisitions of property management companies (approximately 3-5 companies with selection criteria set out below);
 - d. Approximately 10% will be utilized as working capital for its smart community services; and
 - e. Approximately 10% will be utilized as working capital for its investment and maintenance of its information systems.
- (2) Further, the Company also has approximately 200 third party projects which typically require the Company to have certain amount of security deposit for its performance of duties under property management contracts.
- (3) The Board noted that the net proceeds raised from the initial public offering in 2018 will be fully utilized in accordance with the table below, which set out details of its usage as at 31 December 2020. The expected time of usage of unutilised proceeds as are in accordance with the disclosure in the prospectus of the Company dated 24 October 2018. The fund raised through the Placing will enable the Company to accumulate sufficient amount of reserves for the purposes of mergers and acquisitions of property management companies and value-added services and to replenish its working capital whilst diversifying its shareholding base and enhance the liquidity of its Shares.

Item	Percentage	Net Proceeds (in RMB million)		Unutilized	Expected time of use of unutilized proceeds
		Available	Utilized		
Acquisition of property management projects	60%	323.0	257.1	65.9	on or before 31 December 2021
Expansion of value-added services	15%	80.8	50.4	30.4	on or before 31 December 2021
Investment in advanced technology and employees	15%	80.8	75.1	5.7	on or before 31 December 2021
Working capital and general corporate purpose	10%	53.8	53.8	–	N/A

USE OF PROCEEDS

As disclosed in the Announcement, (1) the Company intends to use the net proceeds for business development or investment when opportunities arise, as well as for working capital and general purposes of the Group and (2) the Company has not yet determined any specific investment or acquisition targets and there has not been a plan for the allocation of such proceeds between possible investments or acquisitions and general working capital. The Board wishes to further elaborate on its plan and timeline of utilizing the proceeds as follows:

Items	Percentage of total proceeds	Amount (HK\$ in million)	Details of usage	Expected Time of usage
Acquisition of property management companies	60%	309.6	<p>To acquire or invest in 3-5 residential property management companies focused in the Company's deeply cultivated regions such as Yangtze River Delta, Bohai Rim, Midwest, which meet the Company's selection criteria.</p> <p>Selection Criteria</p> <p>The Company's selection criteria for a potential target company include but are not limited to: (a) gross floor area under management of over 3.0 million sq.m.; (b) operation revenue in the latest financial year of at least RMB100 million; and (c) compliance of business operations with laws and regulations.</p>	on or before 31 December 2023
		309.6	To acquire or invest in 4-6 non-residential property management companies (including office buildings, industrial zones, public buildings, hospitals and schools) across the PRC which meet the Company's selection criteria, details of which are set out above.	on or before 31 December 2023
Acquisition of downstream companies that are complementary to the Company's community value-added service businesses	30%	309.6	The Company intends to acquire or invest in 1-2 property industry chain companies (including elevator maintenance and repairs, intelligent equipment maintenance and repairs) or 3-4 community value-added service operators (including elevator advertising operators and group dining companies).	on or before 31 December 2023
Upgrade information technology infrastructure	10%	103.2	Additional working capital for smart community services on upgrading our information technology infrastructure and property smart community management through improving user experience.	on or before 31 December 2023

For the avoidance of doubt, the Company will acquire or invest in companies which will be made in line with the Company's principal business.

As the Placing Agents have the right to terminate the Placing Agreement in accordance with the termination events thereunder and completion of the Placing is subject to the fulfilment of certain condition, the Placing may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

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

PRC, March 17, 2021

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.