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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)

CHANGE IN USE OF PROCEEDS

References are made to the announcements of S-Enjoy Service Group Co., Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 16 March 2021, 17 March 2021 and 23 March 2021 (the “**Announcements**”) in relation to, among others, the placing of new shares of the Company (the “**Shares**”) under the general mandate to not less than six places, which was completed on 23 March 2021, and the respective annual and interim reports of the Company relating to the update on the use of proceeds. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

USE OF NET PROCEEDS

As disclosed in the paragraph headed “Use of proceeds” in the Announcement dated 17 March 2021, the net proceeds from the Placing were intended to be used for the following purposes:

- approximately 60% of the net proceeds from the Placing is intended to be used for acquisition of property management companies;
- approximately 30% of the net proceeds from the Placing is intended to be used for acquisition of downstream companies that are complementary to the Company’s community value-added service businesses; and
- approximately 10% of the net proceeds from the Placing is intended to be used for upgrading information technology infrastructure.

The net proceeds from the Placing were approximately HK\$1,032 million (equivalent to approximately RMB864.3 million) (after deducting the relevant costs and expenses to be borne by the Company), among which approximately RMB816.7 million had been utilised up to 31 December 2023.

CHANGE IN USE OF PROCEEDS

After considering the reasons set out in paragraphs headed “Reasons for the Change in Use of Proceeds” below, the Board has resolved on 28 March 2024 to change the use of the remaining unutilized net proceeds from the Placing with an updated expected timeline of full utilization as follows:

	Planned use of net proceeds as at 31 December 2023 <i>(RMB million)</i>	Utilised amount of the net proceeds as at 31 December 2023 <i>(RMB million)</i>	Unutilised amount of the net proceeds as at 31 December 2023 <i>(RMB million)</i>	Revised allocation of unutilized amount of the net proceeds <i>(RMB million)</i>	Updated expected timeline of full utilisation of the balance
Use of net proceeds from the Placing					
Acquisition of property management companies	518.6	518.6	—	—	—
Acquisition of downstream companies that are complementary to the Company’s community value- added service business	259.3	211.7	47.6	—	—
Upgrade of information technology infrastructure	86.4	86.4	—	—	—
General working capital of the Group	—	—	—	47.6	On or before 31 December 2025
	<u>864.3</u>	<u>816.7</u>	<u>47.6</u>	<u>47.6</u>	

Reasons for the Change in Use of Proceeds

Due to the huge changes in market circumstances in the real estate industry in the PRC, it had adversely affected the investment sentiment in the property management service industry as well the business and financial performance of potential acquisition targets. Accordingly, the Group had adopted a more prudent approach with a view to ensuring that any acquisition or investment is only made after more careful consideration, deliberation and feasibility studies and in the interest of the Company and its Shareholders as a whole. As a result, the Company's utilization of the net proceeds allocated for "acquisition of downstream companies that are complementary to the Company's community value-added service business" had been limited during the year ended 31 December 2023, with only approximately RMB14.0 million being utilized during the year.

In light of the factors as aforementioned, the Board considered that it is not likely for the Company to be able to apply funds originally allocated for "acquisition of downstream companies that are complementary to the Company's community value-added service business" by the original timeline or in a timely manner. As a result, the Board has decided to re-allocate the remaining proceeds originally allocated to this segment to be used for general working capital of the Group, which would enable the Group to apply its financial resources more efficiently to improve the quality of services, enhance customers experiences and maintain its competitiveness, thereby creating long term value to the Shareholders, as well as to capture business opportunities for the Group's revenue growth.

The Board considers that the aforementioned change in use of proceeds from the Placing is in the best interest of the Company and the Shareholders as a whole, and it would not have any material adverse effect on the existing business and operation of the Group. Save as disclosed in this announcement, the Board does not anticipate any other change to the plan as to the use of the remaining net proceeds from the Placing.

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

The PRC, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Qi Xiaoming, Mr. Yang Bo 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.