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新城发展

**SEAZEN GROUP LIMITED**

**新城發展控股有限公司**

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

**(Stock code: 1030)**

**CONNECTED TRANSACTION  
DISPOSAL OF ASSETS**

**INTRODUCTION**

The Board announces that on 8 February 2021 (after trading hours), the Purchaser (a subsidiary of the S-Enjoy Group) and the Vendor (a subsidiary of the Group) entered into the Asset Disposal Agreement, pursuant to which the Vendor agreed to dispose the Assets, for an amount of RMB32,931,300.

**ASSET DISPOSAL AGREEMENT**

Principal terms of the Asset Disposal Agreement are set out below:

- Date:** 8 February 2021 (after trading hours)
- Parties:**
- (1) The Vendor
  - (2) The Purchaser
- Subject Matter:** The Vendor will dispose the Assets (including courier lockers and their spare parts and intangible assets relating to courier lockers) to the Purchaser, the ownership and possession of which will be transferred to the Purchaser at completion.
- Consideration:** The total consideration for the disposal of the Assets will be RMB32,931,300.

The disposal price has included the costs involved in the packaging of tangible movable properties, transportation to the location designated by the Purchaser (including all transportation costs), maintenance, loading and unloading, storage, maintenance of finished products, ancillary materials required for installation, commissioning, various laboratory inspection fees, insurance fees, inspection and acceptance fees, labour insurance funds, safety measures, technical guidance support, usage training, accompanying services/warranty services, post-construction waste removal fees and all the costs and expenses that may be incurred as a result of the special requirements in relation to the intangible assets.

The consideration was agreed after arm's length negotiations among the parties to the Asset Disposal Agreement having considered, among other things, the Valuation Report of the Assets prepared by the Valuer (adopting replacement cost method) valuing the same at RMB32,931,300 and the reasons for and benefits of the transaction as set out in the announcement below.

**Payment Terms:**

The consideration will be payable by cash by the S-Enjoy Group upon all representations and warranties contained in the Asset Disposal Agreement and other documents to be true, accurate and complete, and the Vendor has fully complied with its obligations under the Asset Disposal Agreement, including:

- (i) The disposed Assets are vacant/idle. No other third party shall require the Purchaser to assume responsibility or perform obligations for the disposal of the Assets. The disposed Assets may be owned and used by the Purchaser on its own and independently.
- (ii) The Vendor shall have issued and delivered to the Purchaser invoices specifically used for value-added tax in the amount equivalent to the statutory duty paid value according to the requirements of the Purchaser.

**Conditions Precedent:**

Completion is conditional on the fulfillment (or, where applicable, waiver) of certain conditions precedent under the Asset Disposal Agreement which include, but not limited to:

- (a) the Purchaser not having received any order or notice from any government authorities requiring the Purchaser to suspend or proceed with the transactions contemplated under the Asset Disposal Agreement, which is likely to expose the Purchaser to the risk of being penalised by the government authorities;
- (b) all the statements made by the Vendor in the Asset Disposal Agreement or submitted or to be submitted by the Vendor to the Purchaser pursuant to the Asset Disposal Agreement or any undertakings and warranties contained in other documents shall be true and accurate in all material respects on or prior to the completion date; and

(c) There are no developments, matters or events that cause or are reasonably expected to cause a material adverse effect.

**Completion:**

(a) The Purchaser shall notify the Vendor the address of delivery before 15 February 2021. The Vendor shall be responsible for arranging transportation and bear relevant costs such as freight charges as well as loading and unloading fees. All insurance and safety accident liabilities involved in the course of shipment, unloading, installation and commissioning shall be borne by the Vendor. The Vendor shall also be responsible for the wear and tear of all materials.

(b) Completion of delivery of the tangible movable properties shall be deemed to have taken place when the tangible movable properties have been delivered to the address designated by the Purchaser for delivery and the inspection and acceptance of the installation and commissioning have been completed (subject to the confirmation of delivery by both parties); whereas the completion of delivery of the intangible assets shall be deemed to have taken place when the intangible assets have been transferred by the Vendor into the name of the Purchaser and the procedures of filing and/or registration of the intellectual property rights have been completed.

(c) The date of completion of the disposal of the Assets shall take place before 28 February 2021.

**Termination Clause:**

(a) The defaulting party shall be liable for the breach of agreement, whereas the non-defaulting party shall have the right to demand the defaulting party to compensate for all losses directly or indirectly incurred resulting from the default of the defaulting party, and the relevant expenses paid by the non-defaulting party to hold the defaulting party responsible for the breach of agreement, including but not limited to various litigation fees, travel expenses, legal fees, valuation fees, audit fees, etc., incurred for dispute resolution.

(b) If a party demands, at its own discretion, for termination of the Asset Disposal Agreement for any reasons, resulting in the termination of the Asset Disposal Agreement or refusal or delay of the performance of any of the matters agreed under the Asset Disposal Agreement, the non-defaulting party shall have the right to elect to terminate the Asset Disposal Agreement based on the actual circumstances at that time if the defaulting party fails to resume the performance (save as any other remedies stipulated in the laws and the Asset Disposal Agreement) within the period stated in the notice or within seven (7) working days upon serving a written notice of rectification to the defaulting party.

## **INFORMATION ABOUT THE PARTIES**

The Vendor is a company established in the PRC primarily engaged in the sale and leasing of intelligent storage facilities, storage services, network technology services and other businesses and is a subsidiary of the Company. The Group is principally engaged in property development, property investment and commercial property management in the PRC. The Vendor's original investment costs of the Assets is RMB235.7 million while the unaudited net asset value of the Assets was approximately RMB27.6 million. The unaudited income attributable from the Assets under the Vendor for the years ended 31 December 2019 and 31 December 2020 is RMB86.8 million and RMB98.6 million respectively. The profit attributable to the Assets is not available in the Vendor's accounts.

The Purchaser is a wholly-owned subsidiary of the S-Enjoy Group. S-Enjoy 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.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Company is principally engaged in property development and property investment businesses in the PRC. To a lesser extent, the Group also engages in smart storage business. The Board considers that the revenue contribution of smart storage business was insignificant and was a source of inefficiency and an administrative and operational burden for the Group so the disposal of Assets represents a good opportunity for the Group to optimize its resources. The Board intends to use the net proceeds of the disposal of Assets primarily for general working capital of the Group. The Group is expected to recognise a gain on the disposal of Assets of approximately RMB5.37 million, which is calculated on the basis of the difference between the consideration and the unaudited net asset value of the Assets as at 31 December 2020.

In view of the above, the Board (including the independent non-executive Directors) considers that the Asset Disposal Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, Mr. Wang is a controlling Shareholder holding approximately 69.11% of the total issued share capital of the Company and holding approximately 73.08% of the total issued share capital of the S-Enjoy Group. Accordingly, Mr. Wang is a connected person of the Company and the entering into of the Asset Disposal Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable ratio in respect of the transaction contemplated under the Asset Disposal Agreement exceeds 0.1% but is less than 5%, the Asset Disposal Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Board approval has been obtained for the transaction contemplated under the Asset Disposal Agreement and Mr. Wang Xiaosong (a non-executive Director of the Company and S-Enjoy and son of Mr. Wang), Mr. Lv Xiaoping and Mr. Lu Zhongming (executive Directors and the non-executive directors of S-Enjoy) have abstained from voting on the Board resolutions approving the principal terms of the Asset Disposal Agreement and the transaction contemplated thereunder due to their material interests in such transaction.

## DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

<b>“Assets”</b>	the rights and interest (present and future, existing and contingent) of the Vendor’s courier lockers and their spare parts and intangible assets relating to courier lockers), including (a) tangible movable properties, which refer to machineries, equipment, fixed equipment and electronic equipment; and (b) intangible assets, which refer to intellectual property rights and software use rights;
<b>“Asset Disposal Agreement”</b>	an asset acquisition agreement dated 8 February 2021 entered into between the Vendor and the Purchaser in relation to the disposal of the Assets;
<b>“Board”</b>	the board of Directors;
<b>“Company”</b>	Seazen Group Limited (新城發展控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose Shares are listed on the Stock Exchange;
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Director(s)”</b>	director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“Mr. Wang”</b>	Mr. Wang Zhenhua, a controlling Shareholder of the Company;
<b>“PRC”</b>	the People’s Republic of China;
<b>“Purchaser”</b>	Nanjing Yungui Network Technology Co., Ltd.* (南京雲櫃網絡科技有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of S-Enjoy;

“RMB”	Renminbi, the lawful currency of the PRC;
“S-Enjoy”	S-Enjoy Service Group Co., Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (Stock Code: 1755);
“S-Enjoy Group”	S-Enjoy and its subsidiaries;
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each;
“Shareholder(s)”	the holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Valuation Report”	the valuation report prepared and issued by the Valuer in relation to the value of the Assets as at 31 December 2020, being the reference date adopted by the Valuer on which the valuation of the Assets is made;
“Valuer”	Yinxin Asset Appraisal Co., Ltd.* (銀信資產評估有限公司), an independent professional valuer;
“Vendor”	Jiangsu Yungui Network Technology Co., Ltd.* (江蘇雲櫃網絡技術有限公司), a company incorporated in the PRC and a subsidiary of the Group;
“%”	per cent.

\* *for identification purpose only*

By order of the Board  
**Seazen Group Limited**  
**Wang Xiaosong**  
*Chairman*

The PRC, 8 February 2021

*As at the date of this announcement, the Directors are Mr. Lv Xiaoping and Mr. Lu Zhongming as executive Directors, Mr. Wang Xiaosong, Mr. Qu Dejun and Mr. Zhang Shengman as non-executive Directors, and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.*