

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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS HIGHLIGHTS

	For the year ended 31 December		YoY
	2023	2022	
	<i>(RMB'000 except as otherwise specified)</i>		
Revenue	5,424,284	5,179,553	4.7%
— Property management services	3,555,106	3,024,934	17.5%
— Community-related value-added services	1,314,308	1,284,549	2.3%
— Developer-related value-added services*	554,870	870,070	-36.2%
* Developer-related value-added services contain on-site sale assistance services, consulting services, house inspection services and smart community services			
Gross profit	1,438,478	1,338,140	7.5%
Gross profit margin	26.5%	25.8%	0.7 percentage point
— Property management services	24.0%	24.5%	-0.5 percentage point
— Community-related value-added services	35.7%	32.2%	3.5 percentage points
— Developer-related value-added services	20.8%	21.2%	-0.4 percentage point
Selling and marketing and administrative expenses rate*	10.5%	11.0%	-0.5 percentage point
* Selling and marketing and administrative expenses rate = (Selling and marketing expenses + administrative expenses - impairment of goodwill and customer relationships)/Revenue			
Profit for the year	507,858	474,747	7.0%
Profit attributable to owners of the Company	445,045	423,476	5.1%
Earnings per share			
<i>(Expressed in RMB per share)</i>			
— Basic earnings per share	0.52	0.50	4.0%
— Diluted earnings per share	0.52	0.50	4.0%
	As at	As at	
	31 December	31 December	
	2023	2022	Net increase
GFA under management (<i>million sq.m.</i>)	223.7	198.3	25.4
— Seazen Group	114.2	95.4	18.8
— Third parties	109.5	102.9	6.6

The board (the “**Board**”) of directors (the “**Directors**”) of S-Enjoy Service Group Co., Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Note</i>	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	4	5,424,284	5,179,553
Cost of sales and services	4, 5	<u>(3,985,806)</u>	<u>(3,841,413)</u>
Gross profit		1,438,478	1,338,140
Selling and marketing expenses	5	(104,746)	(92,137)
Administrative expenses	5	(540,976)	(480,952)
Net impairment losses on financial and contract assets		(255,737)	(145,432)
Other income	6	50,973	97,141
Other expenses		(12,596)	(11,129)
Other gains/(losses) — net		<u>48,280</u>	<u>(103,687)</u>
Operating profit		623,676	601,944
Finance income		22,781	26,372
Finance costs		<u>(842)</u>	<u>(925)</u>
Finance income — net	7	<u>21,939</u>	<u>25,447</u>
Share of net loss of associates accounted for using the equity method		<u>(30)</u>	<u>(407)</u>
Profit before income tax		645,585	626,984
Income tax expense	8	<u>(137,727)</u>	<u>(152,237)</u>
Profit for the year		<u><u>507,858</u></u>	<u><u>474,747</u></u>

	<i>Note</i>	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of debt instruments at fair value through other comprehensive income		(3,619)	(46,394)
Credit loss of debt instruments at fair value through other comprehensive income		3,619	49,889
Other comprehensive gain for the year		—	3,495
Total comprehensive income		<u>507,858</u>	<u>478,242</u>
Profit is attributable to:			
— Owners of the Company		445,045	423,476
— Non-controlling interests		62,813	51,271
		<u>507,858</u>	<u>474,747</u>
Total comprehensive income is attributable to:			
— Owners of the Company		445,045	426,971
— Non-controlling interests		62,813	51,271
		<u>507,858</u>	<u>478,242</u>
Earnings per share (expressed in RMB)			
— Basic earnings per share	9	0.52	0.50
— Diluted earnings per share	9	0.52	0.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	As at 31 December 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		74,129	83,039
Right-of-use assets		18,069	19,287
Intangible assets		849,930	885,170
Investments in associates		5,683	4,733
Deferred income tax assets		106,927	88,718
Financial assets at fair value through profit or loss		75,624	370,689
Total non-current assets		1,130,362	1,451,636
Current assets			
Inventories		39,614	44,230
Contract assets		332,472	292,740
Financial assets at fair value through other comprehensive income		2,377	5,996
Financial assets at fair value through profit or loss		503,582	80,636
Trade receivables	10	1,796,855	1,292,257
Prepayments, deposits and other receivables	11	950,098	1,009,456
Cash and cash equivalents	12	1,927,283	1,973,696
Total current assets		5,552,281	4,699,011
Total assets		6,682,643	6,150,647
Equity			
Equity attributable to owners of the Company			
Share capital	13	59,980	59,973
Reserves		2,843,785	2,529,505
		2,903,765	2,589,478
Non-controlling interests		387,443	319,045
Total equity		3,291,208	2,908,523

		As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		7,693	9,521
Provisions		4,100	3,102
Trade and other payables	14	112,924	105,398
Deferred tax liabilities		111,326	114,764
		<u>236,043</u>	<u>232,785</u>
Total non-current liabilities		<u>236,043</u>	<u>232,785</u>
Current liabilities			
Lease liabilities		7,578	6,736
Borrowings		—	2,265
Contract liabilities		826,549	747,899
Dividend payable		27,467	22,526
Trade and other payables	14	2,080,679	2,043,283
Current income tax liabilities		213,119	186,630
		<u>3,155,392</u>	<u>3,009,339</u>
Total current liabilities		<u>3,155,392</u>	<u>3,009,339</u>
Total liabilities		<u>3,391,435</u>	<u>3,242,124</u>
Total equity and liabilities		<u>6,682,643</u>	<u>6,150,647</u>
Net current assets		<u>2,396,889</u>	<u>1,689,672</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 GENERAL INFORMATION

S-Enjoy Service Group Co., Limited (formerly known as “Xinchengyue Holdings Limited”, hereinafter referred to as the “**Company**”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law (Cap.22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 6 November 2018. The address of the Company’s registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services and related value-added services in the People’s Republic of China (the “**PRC**”). The ultimate controlling company is Infinity Fortune Development Limited. The ultimate controlling shareholder of the Group is Mr. Wang Zhenhua (“**Mr. Wang**” or the “**Ultimate Controlling Shareholder**”).

These consolidated financial statements are presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

(i) Compliance with HKFRSs and HKCO

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“**HKCO**”).

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- HKFRS 17 Insurance Contracts
- Disclosure of Accounting Policies — Amendments to HKAS 1 and HKFRS Practice Statement 2
- Definition of Accounting Estimates — Amendments to HKAS 8

The adoption of the above new standards, amendments and interpretation starting from 1 January 2023 did not give rise to any significant impact on the Group's consolidated results of operations and consolidated financial position for the year ended 31 December 2023.

(iv) New standards and interpretations not yet adopted

Certain new accounting standard, amendments and interpretations have been published that are not mandatory for the year ended 31 December 2023 and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive and non-executive directors.

For the year ended 31 December 2023, the Group was principally engaged in the provision of property management services and value-added services, including community-related value-added services and developer-related value-added services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The principal operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the year ended 31 December 2023.

As at 31 December 2023 and 2022, all of the non-current assets of the Group were located in the PRC excluding financial instruments and deferred tax assets.

4 REVENUE AND COST OF SALES AND SERVICES

Revenue mainly comprises of proceeds from property management services and value-added services. An analysis of the Group's revenue and cost of sales and services by category for the years ended 31 December 2023 and 2022 is as follows:

	For the year ended 31 December			
	2023		2022	
	RMB'000		RMB'000	
	Revenue	Cost of sales and services	Revenue	Cost of sales and services
Revenue from customers and recognised over time:				
Property management services	3,555,106	2,701,043	3,024,934	2,285,035
Value-added services:				
— Community-related value-added services	964,464	637,095	821,869	581,580
— Developer-related value-added services	554,870	439,328	870,070	685,949
	<u>5,074,440</u>	<u>3,777,466</u>	<u>4,716,873</u>	<u>3,552,564</u>
Revenue from customers recognised at a point in time				
Value-added services:				
— Community-related value-added services	349,844	208,340	462,680	288,849
	<u>5,424,284</u>	<u>3,985,806</u>	<u>5,179,553</u>	<u>3,841,413</u>

5 EXPENSES BY NATURE

	For the year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Employee benefit expenses	1,812,117	1,940,208
Outsourced security, greening and cleaning costs	1,308,853	952,187
Consumables and goods used	820,671	973,361
Utilities	283,184	209,947
Depreciation and amortisation charges	107,752	90,774
Impairment of goodwill	55,219	5,404
Office expenses	54,133	76,979
Travelling expenses	44,968	58,018
Employee uniform and related expenses	32,887	26,053
Business entertainment expenses	32,477	22,165
Impairment of customer relationships	21,639	—
Taxes and surcharges	17,815	18,080
Bank charges	10,130	7,975
Auditor's remuneration	3,151	3,000
<i>Including: audit services</i>	2,950	2,900
<i>non-audit services</i>	201	100
Professional fees	18,471	19,592
Advertising and promotion expenses	3,306	2,228
Operating lease payments	1,376	2,715
Others	3,379	5,816
	4,631,528	4,414,502

6 OTHER INCOME

	For the year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Government grants	41,865	49,669
Interest income from financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	185	40,451
Others	8,923	7,021
	50,973	97,141

7 FINANCE INCOME — NET

	For the year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on cash and cash equivalents	22,781	26,372
Interest and finance charges paid/payable for lease liabilities	<u>(842)</u>	<u>(925)</u>
Finance income — net	<u>21,939</u>	<u>25,447</u>

8 INCOME TAX EXPENSE

	For the year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
— PRC corporate income tax	171,580	198,054
Deferred income tax		
— PRC corporate income tax	<u>(33,853)</u>	<u>(45,817)</u>
	<u>137,727</u>	<u>152,237</u>

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) British Virgin Islands income tax

Under the current laws of British Virgin Islands (“BVI”), all dividends, interest, rents, royalties, compensation and other amounts paid by our subsidiaries incorporated in the BVI to persons who are not resident in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of such subsidiaries incorporated in the BVI by persons who are not resident in the BVI are exempt from income tax. In addition, upon payments of dividends by our BVI subsidiaries to us, no BVI withholding tax is imposed.

(c) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax during the year ended 31 December 2023 (2022: nil).

(d) **PRC corporate income tax**

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

Tibet Xinchengyue Property Services Co., Ltd. (“**Tibet Xinchengyue**”), a Tibet registered Company, is entitled to a preferential tax rate of 15%. Tibet Xinchengyue has a number of branches across China. According to the relevant tax laws and regulations, the Group files its income tax return by combining the taxable income of head office in Tibet and all of its branches with 50% of the aggregate taxable income apportion to the head office in Tibet which is subject to income tax rate of 15% and the remaining 50% among the branches which are subject to income tax rate of 25%, resulting in an average of about 20% applicable income tax rate.

Chengyue Times Co., Ltd., Xinchengyue (Chengdu) Property Management Co., Ltd. and Guizhou Bajie Property Management Co., Ltd which are registered in Western area of China, are entitled to a preferential tax rate of 15%.

Beihai Xinchengyue Business Service Co., Ltd which are registered in Guangxi Province, is entitled to a preferential tax rate of 9%.

The corporate income tax rate applicable to other entities of the Group located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the “**CIT Law**”).

9 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) **Basic earnings per share**

Basic earnings per share for the year is calculated by dividing the profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December	
	2023	2022
Earnings:		
Profit attributable to owners of the Company used in the basic earnings per share calculation (<i>RMB'000</i>)	445,045	423,476
Number of shares:		
Weighted average number of ordinary shares in issue during the year per share calculation (<i>in thousand</i>)	854,816	853,644
Basic earnings per share for profit attributable to the owners of the Company during the year (<i>expressed in RMB</i>)	<u>0.52</u>	<u>0.50</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's share-based payment is of dilutive potential.

	For the year ended 31 December	
	2023	2022
Earnings:		
Profit attributable to owners of the Company used in the diluted earnings per share calculation (<i>RMB'000</i>)	445,045	423,476
Number of shares:		
Weighted average number of ordinary shares in issue during the year per share calculation (<i>in thousand</i>)	854,816	853,644
Add: number of dilutive shares (<i>in thousand</i>)	411	2,533
Weighted average number of ordinary shares in issue and potential ordinary shares used as the denominator in calculating diluted earnings per share (<i>in thousand</i>)	855,227	856,177
Diluted earnings per share for profit attributable to the owners of the Company during the year (<i>expressed in RMB</i>)	0.52	0.50

10 TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (<i>Note (a)</i>)		
— Related parties	799,319	564,281
— Third parties	1,277,117	864,348
	2,076,436	1,428,629
Less: allowance for impairment of trade receivables	(279,581)	(136,372)
	1,796,855	1,292,257

- (a) Trade receivables mainly arise from property management services managed under lump sum basis and value-added services. Property management services income under lump sum basis are received in accordance with the term of the relevant property service agreements. Income from property management services is due for payment by the property owners upon rendering of services.

As at 31 December 2023 and 2022, the aging analysis of the trade receivables based on invoice date was as follows:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,685,149	1,192,582
1 to 2 years	214,189	129,723
2 to 3 years	92,876	69,278
3 to 4 years	57,470	26,325
4 to 5 years	20,311	7,495
Over 5 years	6,441	3,226
	<u>2,076,436</u>	<u>1,428,629</u>

As at 31 December 2023 and 2022, the trade receivables were denominated in RMB, and the fair value of trade receivables approximated their carrying amounts. Property management services and value-added services are either billed in accordance with the terms of the relevant services agreements or due for payment upon the issuance of invoice.

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			
	2023		2022	
	RMB'000		RMB'000	
	Current	Non-current	Current	Non-current
Prepayments				
— Utilities and outsourced services	61,401	—	127,471	—
— Consumables to be used in value-added services	14,492	—	28,752	—
Subtotal	75,893	—	156,223	—
Input VAT to be deducted and others	45,039	—	42,458	—
Deposits (a)	622,209	—	665,841	—
Other receivables				
— Payments on behalf of property owners (b)	101,652	—	101,092	—
— Lending to an investee including interests	145,869	—	35,945	—
— Others	52,492	—	70,312	—
Subtotal	300,013	—	207,349	—
Total	1,043,154	—	1,071,871	—
Less: allowance for impairment of other receivables and deposits	(93,056)	—	(62,415)	—
	950,098	—	1,009,456	—

(a) As at 31 December 2023 and 2022, deposits mainly included deposits made with government related bodies for providing property management services and deposits made with car parking slot owners to secure the agent role for sale of the car parking slot. Deposits of RMB537,088,000 (2022: RMB580,917,000) were disclosed as related parties balances by the Group for exclusive rights of sales of some car parking slot owned by related parties.

(b) As at 31 December 2023 and 2022, the amounts represented the payments on behalf of property owners in respect of mainly utilities and elevator maintenance costs of the properties.

As at 31 December 203 and 2022, deposits and other receivables were denominated in RMB.

12 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Cash on hand	344	260
Cash in banks	1,898,940	1,929,029
Cash in payment platforms	27,999	44,407
	<u>1,927,283</u>	<u>1,973,696</u>

The carrying amount of cash and cash equivalents balances are denominated in the following currencies:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
USD	23,672	96,831
RMB	1,890,607	1,860,514
HKD	13,004	16,351
	<u>1,927,283</u>	<u>1,973,696</u>

13 SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 16 January 2018. At the date of incorporation, the authorised share capital is USD51,200 comprising 51,200 ordinary shares of USD1.00 each. As at 31 December 2023, the authorised share was 10,000,000,000 shares at par value of USD0.01.

Ordinary shares, issued and fully paid:

	Number of shares	USD'000	RMB'000
At 1 January 2023	<u>871,231,000</u>	<u>8,712</u>	<u>59,973</u>
Exercise of share option under 2019 share option scheme (<i>Note 1</i>)	<u>100,000</u>	<u>1</u>	<u>7</u>
At 31 December 2023	<u>871,331,000</u>	<u>8,713</u>	<u>59,980</u>

Note 1: During the year ended 31 December 2023, several employees under 2019 share option scheme subscribed 100,000 shares in total with exercise price of HKD6.18 per share. The Company received the net proceeds from exercise approximately HKD618,000 (equivalent to approximately RMB541,000).

14 TRADE AND OTHER PAYABLES

	As at 31 December			
	2023		2022	
	RMB'000		RMB'000	
	Current	Non-current	Current	Non-current
Trade payables (<i>Note (a)</i>)				
— Third parties	<u>410,594</u>	<u>—</u>	<u>532,722</u>	<u>—</u>
Other payables				
— Accrued expenses	294,504	—	253,597	—
— Amounts collected on behalf of property owners	765,448	—	731,469	—
— Consideration payables for acquisition of subsidiaries	30,817	112,924	37,959	105,398
— Others	<u>97,680</u>	<u>—</u>	<u>73,959</u>	<u>—</u>
	1,188,449	112,924	1,096,984	105,398
Accrued payroll	320,410	—	307,534	—
Other tax payables	<u>161,226</u>	<u>—</u>	<u>106,043</u>	<u>—</u>
	<u>2,080,679</u>	<u>112,924</u>	<u>2,043,283</u>	<u>105,398</u>

- (a) As at 31 December 2023 and 2022, the aging analysis of the trade payables based on invoice date was as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 1 year	336,802	500,035
1 to 2 years	47,519	20,018
2 to 3 years	16,092	11,244
Over 3 years	<u>10,181</u>	<u>1,425</u>
	<u>410,594</u>	<u>532,722</u>

15 DIVIDENDS

	For the year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Dividends declared by the Company (<i>Note (a)</i>)	139,413	134,944
Dividends paid by subsidiaries to non-controlling interests (<i>Note (b)</i>)	10,641	2,883
	<u>150,054</u>	<u>137,827</u>

- (a) A final dividend in respect of 2022 of RMB0.16 per ordinary share, amounting to RMB139,413,000 was approved at the annual general meeting of the Company held on 28 June 2023. The dividend is reflected as an appropriation of share premium. As of 31 December 2023, the dividend had been fully paid.
- (b) Several subsidiaries of the Company declared RMB10,641,000 in total to non-controlling interests for the year ended 31 December 2023. As at 31 December 2023, the dividend accounted RMB5,700,000 has been paid.

16 SUBSEQUENT EVENT

In January 2024, the Group entered into an agreement with Ms. Wang Ting, pursuant to which, the Group will dispose of all 70% of its interest in Shanghai Xiangxi Property Management Service Co., Ltd.* (上海翔禧物業管理有限公司) back to Ms. Wang Ting at a consideration of RMB58,800,000. The consideration will be paid in three installments, of which first batch of RMB10,000,000 was paid in February 2024 and second batch of RMB13,800,000 was paid in March 2024.

CHAIRMAN'S STATEMENT

To all shareholders:

I hereby on behalf of the Board present the annual results of the Company for the year ended 31 December 2023.

For the year ended 31 December 2023, our total revenue increased by 4.7% year-on-year to RMB5,424.3 million as compared to 2022. The steady growth of our core business was offset by the weakening business demands from the real estate development. Taking into account only our core businesses, namely property management services and community-related value-added services, the total revenue from such two segments amounted to approximately RMB4,869.4 million, representing a year-on-year increase of approximately 13.0%.

Business Review

The Company was listed in 2018, when we were a property management company mainly serving residential industry, and almost all of our gross floor area (“GFA”) under management were residential projects. Over years of development, we are gradually growing into a comprehensive logistics service provider, and currently we are not only serving residential projects, but also extending our services to hospitals, industrial parks, corporate headquarters, office buildings and other premises. Meanwhile, our services expanded from property management to a diversity of catering business, facility management and other logistic supporting services, to meet the diversified service demands from customers. Since these services are an integral part of the life of residents and the operation of enterprises, the market capacities of such businesses are extremely broad with strong stickiness in customers' demand, which bring us ample room for growth of our business.

In 2023, we experienced various challenges in economic conditions. I believe everybody can feel it personally, and this was also reflected by the price movement of the stock market. Under such environment, our core businesses still maintained growth, with stable business operations and good cash flows, evidencing that our services were highly demanded by residents and enterprises, with very remarkable market space. In terms of overall business of the Company, the real estate-related businesses further decreased, but these declines did not affect our overall pace of growth, and we could say with certainty that the proportion of these real estate-related businesses would decrease gradually in the future.

In 2023, the revenue from our property management services amounted to RMB3,555.1 million, representing a year-on-year increase of approximately 17.5%. During the year, the property management industry was in face of challenges like other industries, our customers posed even higher requirements for outsourcing services and had obviously higher demands for cost-effective services than before; besides, other players in the property management industry spared no effort to control and manage costs, exerting great pressures on the profitability in the industry. In this situation, we properly adjusted the growth pace, obsoleted or replaced a number of projects, in order to put more energy into excellent services, stabilise the operational quality of managed projects of the Company, and maintain the revenue, profit, cash flow and other indicators of property management services at a sound level. This year, we terminated a number of projects with profit and cash flow that could not meet our expectations, nevertheless, the GFA under management and revenue from property management services were still growing. I have to reiterate again that since our service offerings are based on the rigid demands from customers, our property management services were slightly affected by the external environment compared with other industries.

In 2023, the revenue from our community-related value-added services amounted to RMB1,314.3 million, representing a year-on-year increase of approximately 2.3%. Similar to the previous year, our community-related value-added services were required to be analysed from two aspects: the revenue from our recurring services being our priority increased by approximately 12.8% year-on-year, where catering services and public resources management services contributed strong growth as compared to the previous year; the revenue from one-off services which were more or less connected to real estate market, including residential decoration-related ready-to-move-in service and asset management service. Our revenue from one-off services in our community-related value-added services decreased by approximately 25.2% year-on-year. Such decreases were within our expectation given the huge changes in real estate industry, however, such businesses are still profitable, and we will continue to provide customers with such services in the future.

In 2023, the revenue from our developer-related value-added services amounted to approximately RMB554.9 million, representing a year-on-year decrease of approximately 36.2%. Given that the business is closely related to the real estate development, the reasons for the decline in revenue are obvious under the current environment. The smart community services previously disclosed separately have been incorporated into the developer-related value-added services this year as they are both highly related to the developers.

For the year ended 31 December 2023, the profit attributable to owners of the Company was approximately RMB445.0 million, representing a year-on-year increase of approximately 5.1%. Throughout the year, we achieved a net operating cash inflow of approximately RMB423.7 million, a significant improvement compared to the previous year as a result of our strict control of working capital.

PROSPECTS

At present, we are facing a complex economic environment with various challenges continuing across all sectors and industries. In the face of an uncertain future, enterprises often tend to develop cautiously and avoid risks, and so do we.

In terms of property management services, we will continue to undertake the delivery of a considerable volume of new projects in 2024, which will bring us high-quality property management revenue. However, we will also review our existing projects under management to determine whether there is room for further optimization, which will cover the projects we have won by bidding, including the companies we have acquired in the past. In the first quarter of 2024, we disposed a previously acquired property management enterprise from the Group, details of which are set out in the section headed “Subsequent Event” in this announcement. In terms of project expansion, we will carry out such expansion closely around the cities we focus on, expand high-quality projects in the regions we are familiar with, consolidate our position in the city and leverage our good operational efficiency to achieve considerable profit margins.

In terms of community-related value-added services, we will continue to increase the scale of our recurring business and drive the growth of catering services in 2024. The rapid growth of public resources management services in 2023 was mainly attributable to the improvement of our capability and efficiency in parking management. In 2024, we will continue to tap into the rigid needs of residents within the community to further increase the revenue contribution from public resources management services, such as the operation management business of charging spots in the community, which we have started development in 2023 and expect to achieve better results in 2024.

In 2024, we will focus on improving the cost management capabilities and overall operational efficiency of the Group, and we have already implemented the relevant improvement measures since the second half of 2023, which we believe will bring remarkable results in the upcoming year. The Group has always implemented refined cost management, and in addition to the labor costs and outsourcing costs which we have always been concerned about, we have also begun to strengthen the management of energy related costs, all of which will help us to achieve more robust profitable results in the future.

Finally, the proposed payment of final dividend is RMB0.205 per share of the Company this year, and the dividend payout ratio is equivalent to approximately 40%, with the potential for a steady rise in such ratio in the future. The Group currently has a sound financial position with good cash flow from operations, and has sufficient cash on the books without significant pressure on repayment of interest-bearing liabilities to cope with risks that may arise in the future. We believe that the current environment is still uncertain, and in the absence of great capital expenditure requirements, we will gradually increase the dividend payout ratio to reflect the true value of shareholders.

Qi Xiaoming

Chairman

The PRC, 28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a national residential property management service provider as well as a fast-growing comprehensive logistics service provider. In the year of 2023, the Group had maintained its growth, and property management services and community-related value-added services, our two core segments, had both performed well and stable.

FINANCIAL REVIEW

Revenue

In 2023, the revenue of the Group amounted to approximately RMB5,424.3 million, representing an increase of approximately 4.7% as compared to approximately RMB5,179.6 million for the corresponding period in 2022.

The revenue of the Group is derived from three segments: (i) property management services; (ii) community-related value-added services; and (iii) developer-related value-added services.

	For the year ended 31 December		
	2023 RMB'000	Growth rate %	2022 RMB'000
Property management services	3,555,106	17.5	3,024,934
Community-related value-added services	1,314,308	2.3	1,284,549
Developer-related value-added services	554,870	-36.2	870,070
Total	<u>5,424,284</u>	<u>4.7</u>	<u>5,179,553</u>

— *Property management services*

We provide residents and tenants with an extensive range of property management services, including property and facilities maintenance, security services, maintenance and cleaning services, horticulture services, public areas repair and maintenance and other property management related services.

In 2023, the revenue from property management services of the Group amounted to approximately RMB3,555.1 million, representing an increase of approximately 17.5% as compared to approximately RMB3,024.9 million for the corresponding period in 2022, accounting for approximately 65.5% of the total revenue.

As at 31 December 2023, the GFA under management of the Group was approximately 223.7 million sq.m., representing a net increase of approximately 25.4 million sq.m. or approximately 12.8% as compared to the end of 2022, of which the GFA under management attributable to third parties accounted for approximately 48.9%.

The following table sets forth the changes in the GFA under management of the Group:

	As at and for the year ended 31 December 2023					As at and for the year ended 31 December 2022		
	GFA under management <i>thousand sq.m.</i>	Area proportion <i>%</i>	Proportion of revenue from property management services <i>%</i>	Net increase <i>thousand sq.m.</i>	Growth rate <i>%</i>	GFA under management <i>thousand sq.m.</i>	Area proportion <i>%</i>	Proportion of revenue from property management services <i>%</i>
Seazen Group	114,233	51.1	56.8	18,830	19.7	95,403	48.1	58.4
Third parties	109,462	48.9	43.2	6,597	6.4	102,865	51.9	41.6
Total	<u>223,695</u>	<u>100.0</u>	<u>100.0</u>	<u>25,427</u>	<u>12.8</u>	<u>198,268</u>	<u>100.0</u>	<u>100.0</u>

The following table sets forth the breakdown of changes in the GFA under management of the Group:

	For the year ended 31	
	December	
	2023	2022
	<i>thousand</i>	<i>thousand</i>
	<i>sq.m.</i>	<i>sq.m.</i>
At the beginning of the year	198,268	153,531
Handover	29,145	46,875
Including		
<i>Handover — Seazen Group</i>	19,113	14,962
<i>Handover — Third parties</i>	10,032	31,913
Termination	3,718	2,138
	<hr/>	<hr/>
At the end of the year	<u>223,695</u>	<u>198,268</u>

— ***Community-related value-added services***

We render public resources management services, community engineering services, extensive decoration services, asset management services, catering services, facility management services and various other convenience and living services, which cover various sectors and places, to property owners and customers, with a view to providing them with a more comfortable and convenient living and working environment.

During the year, the revenue from community-related value-added services amounted to approximately RMB1,314.3 million, representing an increase of approximately 2.3% as compared to approximately RMB1,284.5 million for the corresponding period in 2022, accounting for approximately 24.2% of the total revenue. The revenue from value-added services related to the recurring services grew rapidly, accounting for approximately 79.8% of the revenue from community-related value-added services. In particular, the revenue from catering services was approximately RMB449.3 million, representing a year-on-year increase of approximately 26.4%; and the revenue from the public resources management services was approximately RMB156.4 million, representing a year-on-year increase of approximately 44.7%.

— Developer-related value-added services

We mainly provide four types of services related to property developers, namely on-site sale assistance services, consulting services, house inspection services and smart community services.

During the year, the revenue from developer-related value-added services amounted to approximately RMB554.9 million, representing a decrease of approximately 36.2% as compared to approximately RMB870.1 million for the corresponding period in 2022, accounting for approximately 10.2% of the total revenue.

Cost of Sales and Services

During the year, the cost of sales and services of the Group was approximately RMB3,985.8 million, representing an increase of approximately 3.8% as compared to approximately RMB3,841.4 million for the corresponding period in 2022. The increase in cost of sales and services was mainly due to the continued stable growth of the overall business scale of the Group.

Gross Profit and Gross Profit Margin

	For the year ended 31 December 2023				For the year ended 31 December 2022		
	Gross profit	Gross profit margin	Percentage of gross profit	Change in gross profit margin	Gross profit	Gross profit margin	Percentage of gross profit
	<i>RMB'000</i>	%	%	<i>ppt</i>	<i>RMB'000</i>	%	%
Property management services	854,063	24.0	59.4	-0.5	739,899	24.5	55.4
Community-related value-added services	468,873	35.7	32.6	3.5	414,120	32.2	30.9
Developer-related value-added services	115,542	20.8	8.0	-0.4	184,121	21.2	13.7
Total	<u>1,438,478</u>	<u>26.5</u>	<u>100.0</u>	<u>0.7</u>	<u>1,338,140</u>	<u>25.8</u>	<u>100.0</u>

The Group recorded gross profit of approximately RMB1,438.5 million for the year ended 31 December 2023, representing a year-on-year increase of approximately 7.5% as compared to approximately RMB1,338.1 million in 2022. Gross profit margin was approximately 26.5%, representing an increase of 0.7 percentage point as compared to 25.8% in 2022. The increase in overall gross profit margin was mainly due to the increase in the gross profit margin of community-related value-added services.

Gross profit of property management services was approximately RMB854.1 million, representing an increase of approximately 15.4% as compared to approximately RMB739.9 million in 2022. Gross profit margin was approximately 24.0%, representing a year-on-year decrease of 0.5 percentage point. The decrease in the gross profit margin of property management services was mainly due to: (i) the increase in the cost of service personnel; and (ii) the decline in the positive effect on gross profit margin of residential projects which were newly delivered.

Gross profit of community-related value-added services was approximately RMB468.9 million, representing an increase of approximately 13.2% as compared to approximately RMB414.1 million in 2022. Gross profit margin was approximately 35.7%, representing a year-on-year increase of 3.5 percentage points. The increase in gross profit margin was mainly due to: (i) the rapid growth of the revenue from the public resources management services with relatively high gross profit margin, which pulled up the gross profit margin of the segment; and (ii) the contraction of the revenue from the community convenience and living services and residential decoration-related ready-to-move-in services with relatively low gross profit margin, leading to the increase in the gross profit margin of this segment.

Gross profit of developer-related value-added services was approximately RMB115.5 million, representing a decrease of approximately 37.2% as compared to approximately RMB184.1 million in 2022. Gross profit margin was approximately 20.8%, representing a decrease of 0.4 percentage point compared with last year.

Administrative Expenses

Administrative expenses (excluding impairment of goodwill) were approximately RMB485.8 million, representing an increase of approximately 2.2% as compared to approximately RMB475.5 million in 2022. As a result of the Company's strict expense management, the administrative expenses remained stable.

Other Gains/(Losses) — Net

The other gains of the Group were approximately RMB48.3 million, whereas the other losses of approximately RMB103.7 million was recorded in 2022. Such change was mainly due to the decreased losses from US dollar denominated bonds compared to the previous year.

Income Tax Expense

Income tax expense amounted to approximately RMB137.7 million, representing a decrease of approximately 9.5% as compared to approximately RMB152.2 million for the corresponding period in 2022, and the tax rate was approximately 21.3%, representing a decline as compared to approximately 24.3% for the corresponding period in 2022.

Under the rules and regulations of the Cayman Islands, the Group is exempted from income tax in the Cayman Islands.

For the Group's entities incorporated in Hong Kong, as the Group did not derive any revenue subject to Hong Kong profits tax for the year ended 31 December 2023, the Group did not make provision for Hong Kong profits tax accordingly.

Profit for the Year

Profit for the year of the Group was approximately RMB507.9 million, representing an increase of approximately 7.0% from approximately RMB474.7 million for the corresponding period in 2022; profit attributable to owners of the Company was approximately RMB445.0 million, representing an increase of approximately 5.1% as compared to that for the corresponding period in 2022; and net profit margin was approximately 9.4%, up by 0.2 percentage points over that for the corresponding period in 2022.

SIGNIFICANT INVESTMENTS

As at 31 December 2023, the Group held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income of approximately RMB579.2 million and approximately RMB2.4 million respectively, accounting for approximately 8.6% in aggregate of the total assets of the Group as at 31 December 2023. Such financial assets mainly include investments in various wealth management products of unlisted trust plans and investment funds, as well as investments in listed bonds denominated in US dollars. The Board considers any single investment with fair value accounting for more than 5% of the total assets of the Group as significant investment. As the Group did not have any single investment accounting for 5% or more of the total assets of the Group as at 31 December 2023, the Group did not hold any significant investments. As at 31 December 2023, the Company had no plans for any significant investments in the future.

Financial assets held by the Group as at 31 December 2023

Nature of investments	As at 31 December 2023		For the year ended 31 December 2023	
	Fair value <i>RMB'000</i>	Approximate percentage of the total assets of the Group %	Fair value gains/(losses) through profit or loss <i>RMB'000</i>	Other income <i>RMB'000</i>
Financial assets at fair value through profit or loss:				
Trust products and investment funds	516,451	7.7	11,116	185
Listed bonds denominated in US dollars	13,878	0.2	(25,212)	—
Contingent assets	48,877	0.7	48,877	—
Total	<u>579,206</u>	<u>8.6</u>	<u>34,781</u>	<u>185</u>

Nature of investments	As at 31 December 2023		For the year ended 31 December 2023	
	Fair value <i>RMB'000</i>	Approximate percentage of the total assets of the Group %	Accrued expected credit impairment loss <i>RMB'000</i>	Other income <i>RMB'000</i>
Financial assets at fair value through other comprehensive income:				
Listed bonds denominated in US dollars	<u>2,377</u>	<u>—</u>	<u>(3,619)</u>	<u>—</u>

PLEDGE OF ASSETS

As at 31 December 2023, the Group did not pledge any assets.

FOREIGN EXCHANGE RISK

As at 31 December 2023 and 2022, the cash and cash equivalents balances held by the Group were as follows:

	As at 31 December 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>
USD	23,672	96,831
RMB	1,890,607	1,860,514
HKD	13,004	16,351
Total	<u>1,927,283</u>	<u>1,973,696</u>

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign exchange risk arising from the exposure of US dollars and Hong Kong dollars against Renminbi as a result of certain cash balances. We will closely monitor the fluctuations of exchange rates and give prudent consideration as whether to enter into any currency swap arrangement as and when appropriate to hedge corresponding risks.

DIVIDEND

The Board recommends the payment of a final dividend of RMB0.205 per share for the year ended 31 December 2023. The final dividend is still subject to approval by the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting (the "AGM") to be held on Tuesday, 18 June 2024, and is expected to be paid on Thursday, 18 July 2024 to the Shareholders whose names appear on the register of members of the Company as at Tuesday, 9 July 2024.

SUBSEQUENT EVENT

In January 2024, the Group entered into an agreement with Ms. Wang Ting, pursuant to which, the Group will dispose of all 70% of its interest in Shanghai Xiangxi Property Management Service Co., Ltd.* (上海翔禧物業管理有限公司) to Ms. Wang Ting at the consideration of RMB58,800,000. The consideration will be paid in three installments, of which first batch of RMB10,000,000 was paid in February 2024 and second batch of RMB13,800,000 was paid in March 2024.

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the entitlement of Shareholders to attend the AGM, the register of members of the Company will be closed from Friday, 14 June 2024 to Tuesday, 18 June 2024 (both days inclusive). To qualify for attendance at the AGM, all completed share transfer documents together with the relevant share certificates must be lodged for registration with the Company's branch share registrar, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong, not later than 4:30 p.m. on Thursday, 13 June 2024.

For the purpose of determining the entitlement of Shareholders to receive the final dividend, the register of members of the Company will also be closed from Monday, 8 July 2024 to Tuesday, 9 July 2024 (both days inclusive). To qualify for the final dividend, all completed share transfer documents together with the relevant share certificates must be lodged for registration with the Company's branch share registrar, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong, not later than 4:30 p.m. on Friday, 5 July 2024.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. Save as disclosed in this announcement, the Company has complied with all applicable code provisions as set out in part 2 of the CG Code during the year ended 31 December 2023. The Company will continue to review and enhance its corporate governance practices to ensure the compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Mr. Qi Xiaoming, the chairman and chief executive officer of the Company, is responsible for the overall management of the Group and guides the Group's strategic development and business plans. Considering the Group's current development status, the Board believes that the structure of the same person holding the two positions of chairman and chief executive officer can provide the Company with a strong and consistent leadership and benefit the implementation and execution of the Group's business strategies. Nonetheless, we will review the structure from time to time based on the prevailing circumstances. The Board will continue to evaluate relevant situations and separate the two roles of chairman and chief executive officer at a proper time taking into account the Group's overall status.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as a code of conduct regarding Directors’ securities transactions. Having made specific inquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2023.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, the trustee of the Share Award Scheme (as defined under the paragraph headed “Share Award Scheme” below in this announcement) purchased an aggregate of 700,000 shares of the Company on the market for the purpose of the Share Award Scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2023.

SHARE OPTION SCHEME

In order to provide incentives or rewards to the Directors and certain employees of the Company for their contributions to the Group, the Company adopted a share option scheme (the “**Share Option Scheme**”) on 20 October 2018. During the year ended 31 December 2023, the Company did not grant any share option under the Share Option Scheme.

SHARE AWARD SCHEME

The Company adopted a share award scheme with effect from 15 November 2019 (the “**Share Award Scheme**”), to recognise the contribution of certain employees and to provide incentives for them to continuously make greater contributions for the Group’s long-term growth in the future, details of which are set out in the announcement of the Company dated 15 November 2019. Accordingly, the Company will entrust the trustee of the Share Award Scheme to purchase existing shares in the open market based on the overall remuneration incentive plan. The said trustee will hold such shares on behalf of certain employees on trust, until such shares are vested with them. The aggregated maximum number of shares underlying all grants made pursuant to the Share Award Scheme (excluding award shares that have been forfeited in accordance with the Share Award Scheme) must not exceed 1.25% of the total issued share capital of the Company as at 15 November 2019. The Share Award Scheme was amended on 1 July 2021 and 23 August 2021, and an adjustment was made so that the aggregated maximum number of shares underlying all grants made pursuant to the Share Award Scheme (excluding award shares that have been forfeited in accordance with the Share Award Scheme) must not exceed 5.0% of the total issued share capital of the Company as at 23 August 2021.

During the year ended 31 December 2023, the Company granted a total of 3,000,000 award shares to certain employees under the Share Award Scheme to recognise their contributions to the Group.

AUDIT COMMITTEE

The Board has set up an audit committee (the “**Audit Committee**”) with members including Mr. Lu Zhongming, a non-executive Director, and Ms. Zhang Yan and Mr. Zhu Wei, two independent non-executive Directors. Ms. Zhang Yan is the chairman of the Audit Committee. The primary responsibility of Audit Committee is to review and oversee the financial reporting system, risk management and internal control of the Company.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management, and has reviewed the annual results for the year ended 31 December 2023.

This annual results announcement is based on the Group’s audited consolidated financial statements for the year ended 31 December 2023 as agreed with the auditors of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND 2023 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xinchengyue.com), and the 2023 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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.

* *For identification purpose only*