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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)

(1) INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND (2) CHANGE OF CHIEF FINANCIAL OFFICER

RESULTS HIGHLIGHTS

	Six months ended 30 June		YoY
	2024 Unaudited	2023 Unaudited	
	<i>(RMB'000 except as otherwise specified)</i>		
Revenue	2,770,369	2,681,101	3.3%
— Property management services	1,907,903	1,694,125	12.6%
— Community-related value-added services	645,888	708,091	-8.8%
— Developer-related value-added services*	216,578	278,885	-22.3%
Gross profit	753,209	717,574	5.0%
Gross profit margin	27.2%	26.8%	0.4 percentage point
— Property management services	24.7%	24.7%	—
— Community-related value-added services	36.2%	33.9%	2.3 percentage points
— Developer-related value-added services	22.3%	21.2%	1.1 percentage points
Selling and marketing and administrative expenses rate*	9.6%	9.6%	—

* Developer-related value-added services contain on-site sale assistance services, consulting services, house inspection services and smart community services

* Selling and marketing and administrative expenses rate = (Selling and marketing expenses + administrative expenses – impairment of goodwill and customer relationships)/Revenue

	Six months ended 30 June		YoY
	2024	2023	
	Unaudited	Unaudited	
	<i>(RMB'000 except as otherwise specified)</i>		
Profit attributable to owners of the Company	301,599	293,789	2.7%
Earnings per share <i>(Expressed in RMB per share)</i>			
— Basic earnings per share	0.35	0.34	2.9%
— Diluted earnings per share	0.35	0.34	2.9%
Net cash generated from operating activities	20,622	6,578	213.5%

The board (the “**Board**”) of directors (the “**Directors**”) of S-Enjoy Service Group Co., Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024	2023
		Unaudited	Unaudited
		RMB'000	RMB'000
Revenue	5	2,770,369	2,681,101
Cost of sales and services	5, 6	(2,017,160)	(1,963,527)
Gross profit		753,209	717,574
Selling and marketing expenses	6	(43,221)	(41,836)
Administrative expenses	6	(221,686)	(215,254)
Net impairment losses on financial assets		(121,588)	(90,716)
Other income	7	23,930	43,855
Other expenses		(7,435)	(6,633)
Other gains — net	8	23,385	2,650
Operating profit		406,594	409,640
Finance income		10,578	15,518
Finance cost		(421)	(708)
Finance income — net	9	10,157	14,810
Share of net loss of associates accounted for using the equity method		(501)	(413)
Profit before income tax		416,250	424,037
Income tax expense	10	(84,076)	(90,512)
Profit for the period		332,174	333,525

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	Unaudited	Unaudited
		RMB'000	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		(1,302)	(1,706)
Credit loss of debt instruments at fair value through other comprehensive income		<u>1,302</u>	<u>1,706</u>
Total comprehensive income for the period		<u><u>332,174</u></u>	<u><u>333,525</u></u>
Profit for the period is attributable to:			
— Owners of the Company		301,599	293,789
— Non-controlling interests		<u>30,575</u>	<u>39,736</u>
		<u><u>332,174</u></u>	<u><u>333,525</u></u>
Total comprehensive income for the period is attributable to:			
— Owners of the Company		301,599	293,789
— Non-controlling interests		<u>30,575</u>	<u>39,736</u>
		<u><u>332,174</u></u>	<u><u>333,525</u></u>
Earnings per share (expressed in RMB per share)			
— Basic earnings per share	<i>11(a)</i>	<u>0.35</u>	<u>0.34</u>
— Diluted earnings per share	<i>11(b)</i>	<u>0.35</u>	<u>0.34</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024	As at 31 December 2023
	<i>Note</i>	Unaudited RMB'000	Audited RMB'000
Assets			
Non-current assets			
Property, plant and equipment		76,201	74,129
Right-of-use assets		15,448	18,069
Intangible assets	12	771,311	849,930
Investments in associates		5,582	5,683
Deferred tax assets		129,598	106,927
Financial assets at fair value through profit or loss		75,624	75,624
Total non-current assets		1,073,764	1,130,362
Current assets			
Inventories		33,952	39,614
Contract assets		262,446	332,472
Financial assets at fair value through other comprehensive income		1,075	2,377
Financial assets at fair value through profit or loss		300,368	503,582
Trade receivables	13	2,286,548	1,796,855
Prepayments, deposits and other receivables	14	904,987	950,098
Cash and cash equivalents		2,107,341	1,927,283
Total current assets		5,896,717	5,552,281
Total assets		6,970,481	6,682,643
Equity			
Equity attributable to owners of the Company			
Share capital	15	59,980	59,980
Reserves		2,969,886	2,843,785
		3,029,866	2,903,765
Non-controlling interests		368,514	387,443
Total equity		3,398,380	3,291,208

		As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		7,667	7,693
Provisions		4,250	4,100
Trade and other payables	17	49,902	112,924
Deferred tax liabilities		90,325	111,326
		<hr/>	<hr/>
Total non-current liabilities		152,144	236,043
		<hr/>	<hr/>
Current liabilities			
Lease liabilities		7,534	7,578
Contract liabilities		1,003,374	826,549
Trade and other payables	17	2,038,282	2,080,679
Current income tax liabilities		175,415	213,119
Dividend payable	16	195,352	27,467
		<hr/>	<hr/>
Total current liabilities		3,419,957	3,155,392
		<hr/>	<hr/>
Total liabilities		3,572,101	3,391,435
		<hr/>	<hr/>
Total equity and liabilities		6,970,481	6,682,643
		<hr/> <hr/>	<hr/> <hr/>
Net current assets		2,476,760	2,396,889
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

1 GENERAL INFORMATION

S-Enjoy Service Group Co., Limited (the “**Company**”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Maples Corporate Services Limited, PO Box 309, Ugland 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 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**”).

The Company has its primary listing on The Stock Exchange of Hong Kong Limited on 6 November 2018.

The condensed consolidated interim financial information has been presented in thousands of Renminbi (“**RMB**”), unless otherwise stated, and was approved and authorized for issue by the board of directors of the Company on 28 August 2024.

The condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2023 (“**2023 Financial Statements**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

3 ACCOUNTING POLICIES

Except for the newly effective standards, amendments and interpretations that became applicable to the Group first time during the six months ended 30 June 2024, the accounting policies adopted are consistent with those of the 2023 Financial Statements as described therein.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 New standards, amendments and interpretation adopted by the Group during the six months ended 30 June 2024

- Presentation of financial statements — Amendments to HKAS 1
- Cash flow statement — Amendments to HKAS 7
- Financial Instruments: Disclosures — Amendments to HKFRS 7
- Leases — Amendments to HKFRS 16
- Hong Kong Interpretation 5 (Revised)

The adoption of the above amendments and interpretation starting from 1 January 2024 did not give rise to any significant impact on the Group's results of operations and financial position for the six months ended 30 June 2024.

3.2 Impact of standards issued but not yet applied by the Group

Certain new accounting standard, amendments and interpretation have been published but are not mandatory for the financial year beginning 1 January 2024 and have not been early adopted by the Group. These new accounting standard, amendments and interpretation are not expected to have a material impact on the Group's financial information when they become effective.

4 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 six months ended 30 June 2024, 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 six months ended 30 June 2024.

As at 30 June 2024 and 31 December 2023, all of the non-current assets of the Group were located in the PRC excluding financial instruments and deferred tax assets.

5 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 six months ended 30 June 2024 and 2023 is as follows:

	Six months ended 30 June			
	2024		2023	
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
	Revenue	Cost of sales and services	Revenue	Cost of sales and services
Revenue from customers and recognised over time:				
Property management services	1,907,903	1,436,789	1,694,125	1,275,907
Value-added services:				
— Community-related value-added services	466,569	289,703	300,230	184,217
— Developer-related value-added services	216,578	168,227	278,885	219,817
	<u>2,591,050</u>	<u>1,894,719</u>	<u>2,273,240</u>	<u>1,679,941</u>
Revenue from customers recognised at a point in time				
Value-added services:				
— Community-related value-added services	179,319	122,441	407,861	283,586
	<u>2,770,369</u>	<u>2,017,160</u>	<u>2,681,101</u>	<u>1,963,527</u>

6 EXPENSES BY NATURE

Expenses included in cost of sales and services, selling and marketing expenses and administrative expenses are as follows:

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Employee benefit expenses	814,848	989,774
Outsourced security, greening and cleaning costs	753,673	520,016
Consumables and goods used	383,132	425,271
Utilities	150,495	132,371
Depreciation and amortisation charges	54,283	56,348
Office expenses	23,784	21,943
Travelling expenses	16,756	14,245
Employee uniform and related expenses	18,214	11,750
Business entertainment expenses	19,589	10,192
Taxes and surcharges	7,872	7,546
Professional fees	8,227	7,378
Bank charges	4,937	4,835
Operating lease payments	1,374	828
Others	24,883	18,120
	<u>2,282,067</u>	<u>2,220,617</u>

7 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Interest income derived from financial assets	4,815	8,712
Government grants	16,553	23,107
Others	2,562	12,036
	<u>23,930</u>	<u>43,855</u>

8 OTHER GAINS — NET

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Net foreign exchange (losses)/gains	(2,943)	11,351
Net fair value gains/(losses) on financial assets at fair value through profit or loss	9,786	(9,024)
Net gains on disposal of property, plant and equipment	1,814	323
Net gains on disposal of a subsidiary	14,728	—
	<u>23,385</u>	<u>2,650</u>

9 FINANCE INCOME — NET

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Finance income		
Interest income	10,578	15,518
Finance costs		
Interest expense on lease liabilities	(421)	(708)
Total finance income — net	<u>10,157</u>	<u>14,810</u>

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax		
— PRC corporate income tax	115,515	106,452
Deferred income tax		
— PRC corporate income tax	(31,439)	(15,940)
	<u>84,076</u>	<u>90,512</u>

(a) Cayman Islands income tax

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

(b) British Virgin Islands income tax

British Virgin Islands (“BVI”) income tax under the current laws of the BVI, our subsidiaries incorporated in the BVI and all dividends, interest, rents, royalties, compensation and other amounts paid by such 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 all provisions of the Income Tax Ordinance in the BVI. 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 six months ended 30 June 2024 and 2023.

(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**”, 西藏新城悅物業服務股份有限公司), 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.

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**”, 中華人民共和國企業所得稅法).

11 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the period is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issued during the period.

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Earnings:		
Profit attributable to owners of the Company used in the basic earnings per share calculation (<i>RMB'000</i>)	301,599	293,789
Number of shares:		
Weighted average number of ordinary shares in issue during the period basic earnings per share calculation (<i>in thousand</i>)	855,026	854,775
Basic earnings per share for profit attributable to the owners of the Company during the period (<i>expressed in RMB</i>)	<u>0.35</u>	<u>0.34</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 diluted potential.

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Earnings:		
Profit attributable to owners of the Company used in the diluted earnings per share calculation (<i>RMB'000</i>)	301,599	293,789
Number of shares:		
Weighted average number of ordinary shares in issue during the period per share calculation (<i>in thousand</i>)	855,026	854,775
Add: numbers of dilutive shares (<i>in thousand</i>)	<u>—</u>	<u>236</u>
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>)	855,026	855,011
Diluted earnings per share for profit attributable to the owners of the Company during the period (<i>expressed in RMB</i>)	<u>0.35</u>	<u>0.34</u>

12 INTANGIBLE ASSETS

	Computer software RMB'000	Licenses RMB'000	Goodwill RMB'000	Trademark RMB'000	Customer relationships RMB'000	Total RMB'000
(Unaudited)						
As at 1 January 2024						
Cost	46,325	1,314	467,992	8,000	558,379	1,082,010
Accumulated amortisation and impairment	(16,614)	(408)	(60,623)	(1,689)	(152,746)	(232,080)
Net book amount	29,711	906	407,369	6,311	405,633	849,930
Six months ended 30 June 2024						
Opening net book amount	29,711	906	407,369	6,311	405,633	849,930
Additions	2,524	—	—	—	—	2,524
Disposal of a subsidiary	—	—	(20,168)	—	(26,849)	(47,017)
Amortisation	(3,664)	(66)	—	(267)	(30,129)	(34,126)
Closing net book amount	28,571	840	387,201	6,044	348,655	771,311
As at 30 June 2024						
Cost	48,849	1,314	421,014	8,000	501,889	981,066
Accumulated amortisation and impairment	(20,278)	(474)	(33,813)	(1,956)	(153,234)	(209,755)
Net book amount	28,571	840	387,201	6,044	348,655	771,311
(Unaudited)						
As at 1 January 2023						
Cost	39,844	1,314	421,014	8,000	501,889	972,061
Accumulated amortisation and impairment	(10,467)	(225)	(5,404)	(1,422)	(69,373)	(86,891)
Net book amount	29,377	1,089	415,610	6,578	432,516	885,170
Six months ended 30 June 2023						
Opening net book amount	29,377	1,089	415,610	6,578	432,516	885,170
Additions	6,051	—	—	—	—	6,051
Disposal	(267)	—	—	—	—	(267)
Acquisition of a subsidiary	—	—	46,978	—	56,490	103,468
Amortisation	(3,451)	(66)	—	(267)	(30,600)	(34,384)
Closing net book amount	31,710	1,023	462,588	6,311	458,406	960,038
As at 30 June 2023						
Cost	45,628	1,314	467,992	8,000	558,379	1,081,313
Accumulated amortisation and impairment	(13,918)	(291)	(5,404)	(1,689)	(99,973)	(121,275)
Net book amount	31,710	1,023	462,588	6,311	458,406	960,038

13 TRADE RECEIVABLES

	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Trade receivables (<i>Note (a)</i>)		
— Related parties	962,363	799,319
— Third parties	1,729,214	1,277,117
	2,691,577	2,076,436
Less: allowance for impairment of trade receivables	(405,029)	(279,581)
	2,286,548	1,796,855

- (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 is 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 30 June 2024 and 31 December 2023, the ageing analysis of the trade receivables based on invoice date was as follows:

	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Within 1 year	1,574,612	1,685,149
1 to 2 years	727,638	214,189
2 to 3 years	234,782	92,876
3 to 4 years	87,370	57,470
4 to 5 years	40,423	20,311
Over 5 years	26,752	6,441
	2,691,577	2,076,436

As at 30 June 2024 and 31 December 2023, 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 received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of invoice.

As at 30 June 2024 and 31 December 2023, no trade receivables of the Group were pledged to secure borrowings granted to the Group.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024		31 December 2023	
	Unaudited RMB'000		Audited RMB'000	
	Current	Non-current	Current	Non-current
Prepayments				
— Utilities and outsourced services	57,338	—	61,401	—
— Consumables to be used in value-added services	12,572	—	14,492	—
Subtotal	69,910	—	75,893	—
Input VAT to be deducted and others	13,242	—	45,039	—
Deposits (<i>Note (a)</i>)	616,185	—	622,209	—
Other receivables				
— Payments on behalf of property owners (<i>Note (b)</i>)	88,352	—	101,652	—
— Lending to an investee including interests	145,869	—	145,869	—
— Others	61,233	—	52,492	—
Subtotal	295,454	—	300,013	—
Total	994,791	—	1,043,154	—
Less: allowance for impairment of other receivables and deposits	(89,804)	—	(93,056)	—
	904,987	—	950,098	—

(a) As at 30 June 2024 and 31 December 2023, 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 RMB505,627,000 (as at 31 December 2023: RMB537,088,000) 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 30 June 2024 and 31 December 2023, the amounts represented the payments on behalf of property owners in respect of mainly utilities and elevator maintenance costs of the properties.

15 SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 16 January 2018. At the date of incorporation, the authorised share capital was USD51,200 comprising 51,200 ordinary shares of USD1.00 each. As at 30 June 2024, the authorised share was 10,000,000,000 shares at par value of USD0.01 each.

Ordinary shares, issued and fully paid:

	<i>Number of shares</i>	<i>USD'000</i>	<i>RMB'000</i>
(Unaudited)			
As at 1 January 2024	871,331,000	8,713	59,980
Exercise of share option (<i>Note (a)</i>)	<u>—</u>	<u>—</u>	<u>—</u>
As at 30 June 2024	<u>871,331,000</u>	<u>8,713</u>	<u>59,980</u>
	<i>Number of shares</i>	<i>USD'000</i>	<i>RMB'000</i>
(Unaudited)			
As at 1 January 2023	871,231,000	8,712	59,973
Exercise of share option	<u>100,000</u>	<u>1</u>	<u>7</u>
As at 30 June 2023	<u>871,331,000</u>	<u>8,713</u>	<u>59,980</u>

- (a) During the six months ended 30 June 2024, no employee subscribed shares under 2019 share option scheme.

16 DIVIDENDS

	Six months ended 30 June 2024 Unaudited RMB'000	Year ended 31 December 2023 Audited RMB'000
Dividends declared by the Company (<i>Note (a)</i>)	178,623	139,413
Dividends declared by subsidiaries to non-controlling interests (<i>Note (b)</i>)	41,214	10,641
	<u>219,837</u>	<u>150,054</u>

The board of directors of the Company did not recommend payment of any interim dividend for the six months ended 30 June 2024.

- (a) A final dividend in respect of 2023 of RMB0.205 per ordinary share, amounting to RMB178,623,000 was approved at the annual general meeting of the Company held on 18 June 2024. The dividend is reflected as an appropriation of share premium. As at 30 June 2024, the dividend had not been paid yet.
- (b) Several subsidiaries of the Company declared RMB41,214,000 in total to non-controlling interests for the year ended 31 December 2023. As at 30 June 2024, the dividend amounting to RMB19,444,000 has been paid.

17 TRADE AND OTHER PAYABLES

	30 June 2024		31 December 2023	
	Unaudited RMB'000		Audited RMB'000	
	Current	Non-current	Current	Non-current
Trade payables (<i>Note (a)</i>)				
— Third parties	<u>419,293</u>	<u>—</u>	<u>410,594</u>	<u>—</u>
Other payables				
— Accrued expenses	333,569	—	294,504	—
— Amounts collected on behalf of property owners	745,157	—	765,448	—
— Consideration payables for acquisition of subsidiaries	49,601	49,902	30,817	112,924
— Others	<u>170,155</u>	<u>—</u>	<u>97,680</u>	<u>—</u>
	<u>1,298,482</u>	<u>49,902</u>	<u>1,188,449</u>	<u>112,924</u>
Accrued payroll	<u>240,490</u>	<u>—</u>	<u>320,410</u>	<u>—</u>
Other tax payables	<u>80,017</u>	<u>—</u>	<u>161,226</u>	<u>—</u>
	<u>2,038,282</u>	<u>49,902</u>	<u>2,080,679</u>	<u>112,924</u>

- (a) As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade payables based on invoice date was as follows:

	Six months ended 30 June 2024 Unaudited RMB'000	Year ended 31 December 2023 Audited RMB'000
Within 1 year	319,445	336,802
1 to 2 years	59,505	47,519
2 to 3 years	14,636	16,092
Over 3 years	<u>25,707</u>	<u>10,181</u>
	<u>419,293</u>	<u>410,594</u>

BUSINESS REVIEW

The Group recorded revenue of approximately RMB2,770.4 million in the first half of 2024, representing a year-on-year increase of approximately 3.3%, which was mainly contributed by the stable growth of our property management services. Meanwhile, the profit attributable to owners of the Company for the period reached approximately RMB301.6 million, representing a year-on-year increase of approximately 2.7%, the operating results were growing steadily. During the Reporting Period, the Group achieved a net operating cash inflow of approximately RMB20.6 million, better than the previous year.

In terms of property management services, the Group's revenue therefrom reached approximately RMB1,907.9 million in the first half of 2024, representing a year-on-year increase of approximately 12.6%. If compared with the second half of 2023, the revenue from property management services increased by about 2.5%, maintaining a sustained growth momentum.

In terms of community-related value-added services, the Group's revenue therefrom reached approximately RMB645.9 million in the first half of 2024, representing a year-on-year decrease of approximately 8.8%. Among which, the Group's recurring services overall had maintained steady development, with the revenue from catering services reached approximately RMB244.1 million, representing a year-on-year increase of approximately 9.9%; whereas the revenue from community-related value-added services related to the one-off services including residential decoration-related ready-to-move-in service and asset management service decreased by approximately 28.0% year-on-year.

The real estate market in China remained weak during this six-month period, making it difficult to stimulate related business demand. Therefore, our revenue from developer-related value-added services further decreased during the Reporting Period, representing a year-on-year decrease of approximately 22.3%. The smart community services previously disclosed separately have been incorporated into the developer-related value-added services as the businesses are highly related to the developers.

PROSPECTS

Since 2022, the Group has been taking high-quality development as the essential core objective of its business development. Within our business portfolio, services provided directly to real estate developers have been declining year over year, while integrated logistics services provided to corporations, governments and other large organizations have been increasing. We will uphold this goal, believing that this will free our results from the high degree of bondage with the real estate industry and will be conducive to our independent and healthy development in the future.

In late 2023 and early 2024, for residential property management services, we have proposed that we need to be more selective and targeted in selecting our target markets. In the past, we preferred to provide services to newly construction completed projects because the landscape design, facility conditions and pricing of property management fees for such projects were at a higher level in the market, allowing it easier for property services companies to achieve a decent return on their business. However, in recent years, due to changes in real estate and other areas of the economy, there are fewer market opportunities for such newly construction completed projects and the uncertainty of their operating results has increased, necessitating a change in our strategy. Therefore, we have started to shift our efforts to the existing residential market, in view of the relatively stable property management fee collection rate of the existing residential projects and the increasing potential demand driven by the property owners' aspirations for a better life. In the six-month period of the expansion for strategic transformation in 2024, the number of new projects obtained by the Group in the market was lower than before. We are fully aware that transformation cannot be achieved overnight and that the newly obtained business volume cannot reach the previous level within a short period of time. However, we have full confidence in our future expansion because the existing market is huge enough to provide adequate opportunities whenever we participate.

In terms of community-related value-added services, we will also continue to make adjustments. We are placing higher demands on the profitability of our businesses and the professionalism of our teams, especially in the highly regarded recurring business, and we are focusing on reshaping our business processes and organization structure, as well as strengthening our professional talent pipeline, in the hope that these potential businesses will have the opportunity to reach new heights in terms of scale.

At last, I would like to say thank you to the shareholders of the Company (the “**Shareholders**”). We have received a lot of encouragement and advice from our Shareholders, even during this relatively weak period in the capital markets. We are grateful for your continued trust in us and we will do our utmost to deliver greater returns to Shareholders in the future.

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 first half of 2024, 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 the first half of 2024, the revenue of the Group amounted to approximately RMB2,770.4 million, representing an increase of 3.3% as compared to approximately RMB2,681.1 million for the corresponding period in 2023.

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 six months ended 30 June		
	2024	Growth rate	2023
	RMB'000	%	RMB'000
Property management services	1,907,903	12.6	1,694,125
Community-related value-added services	645,888	-8.8	708,091
Developer-related value-added services	216,578	-22.3	278,885
Total	<u>2,770,369</u>	<u>3.3</u>	<u>2,681,101</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 the first half of 2024, the revenue from property management services of the Group amounted to approximately RMB1,907.9 million, representing an increase of approximately 12.6% as compared to approximately RMB1,694.1 million for the corresponding period in 2023, accounting for approximately 68.9% of the total revenue.

The following table sets forth a breakdown of the revenue generated from property management services:

	For the six months ended 30 June		
	2024		2023
	Revenue from property management services	Growth rate	Revenue from property management services
	<i>RMB'000</i>	%	<i>RMB'000</i>
Seazen Group	1,133,011	16.1	976,249
Third parties	774,892	7.9	717,876
Total	<u>1,907,903</u>	<u>12.6</u>	<u>1,694,125</u>

	For the six months ended 30 June		
	2024		2023
	Revenue from property management services	Growth rate	Revenue from property management services
	<i>RMB'000</i>	%	<i>RMB'000</i>
Residential properties	1,542,879	14.8	1,344,261
Non-residential properties	365,024	4.3	349,864
Total	<u>1,907,903</u>	<u>12.6</u>	<u>1,694,125</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.

In the first half of 2024, the revenue from community-related value-added services amounted to approximately RMB645.9 million, representing a decrease of approximately 8.8% as compared to approximately RMB708.1 million for the corresponding period in 2023, accounting for approximately 23.3% of the total revenue during the Reporting Period. During the Reporting Period, the percentage of revenue from community-related value-added services related to the recurring services increased continuously, accounting for approximately 84.9% of the revenue from community-related value-added services. In particular, the revenue from catering services was approximately RMB244.1 million, representing a year-on-year increase of approximately 9.9%.

- ***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 Reporting Period, the revenue from developer-related value-added services amounted to approximately RMB216.6 million, representing a decrease of approximately 22.3% as compared to approximately RMB278.9 million for the corresponding period in 2023, accounting for approximately 7.8% of the total revenue during the Reporting Period.

Cost of Sales and Services

During the Reporting Period, the cost of sales and services of the Group was approximately RMB2,017.2 million, representing an increase of approximately 2.7% as compared to approximately RMB1,963.5 million for the corresponding period in 2023. 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 six months ended 30 June 2024				For the six months ended 30 June 2023		
	Gross profit RMB'000	Gross profit margin %	Percentage of gross profit %	Change in gross profit margin ppt	Gross profit RMB'000	Gross profit margin %	Percentage of gross profit %
Property management services	471,114	24.7	62.6	—	418,218	24.7	58.3
Community-related value-added services	233,744	36.2	31.0	2.3	240,288	33.9	33.5
Developer-related value-added services	48,351	22.3	6.4	1.1	59,068	21.2	8.2
Total	<u>753,209</u>	<u>27.2</u>	<u>100.0</u>	<u>0.4</u>	<u>717,574</u>	<u>26.8</u>	<u>100.0</u>

The Group recorded gross profit of approximately RMB753.2 million for the six months ended 30 June 2024, representing a year-on-year increase of approximately 5.0% as compared to approximately RMB717.6 million for the corresponding period in 2023. Gross profit margin was approximately 27.2%, representing an increase of 0.4 percentage point as compared to 26.8% for the corresponding period in 2023.

Gross profit of property management services was approximately RMB471.1 million, representing an increase of approximately 12.6% as compared to approximately RMB418.2 million for the corresponding period in 2023. Gross profit margin was approximately 24.7%, remaining stable as compared to that for the corresponding period in 2023.

Gross profit of community-related value-added services was approximately RMB233.7 million, representing a decrease of approximately 2.7% as compared to approximately RMB240.3 million for the corresponding period in 2023. Gross profit margin was approximately 36.2%, representing a year-on-year increase of 2.3 percentage points.

Gross profit of developer-related value-added services was approximately RMB48.4 million, representing a decrease of approximately 18.1% as compared to approximately RMB59.1 million for the corresponding period in 2023. Gross profit margin was approximately 22.3%, representing an increase of 1.1 percentage points compared with the corresponding period last year.

Administrative Expenses

Administrative expenses were approximately RMB221.7 million, representing an increase of approximately 3.0% as compared to approximately RMB215.3 million for the corresponding period in 2023. As a result of the Company's strict expense management, the growth rate of administrative expenses was slightly lower than the growth rate of revenue.

Income Tax Expense

Income tax expense amounted to approximately RMB84.1 million, representing a decrease of approximately 7.1% as compared to approximately RMB90.5 million for the corresponding period in 2023. The decrease in tax expense was mainly due to the decrease in the Group's profit before income tax. The tax rate was approximately 20.2%, representing a decline as compared to approximately 21.3% for the corresponding period in 2023.

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

For the Group entities incorporated in Hong Kong, as the Group did not derive any revenue subject to Hong Kong profits tax for the six months ended 30 June 2024, the Group did not make provision for Hong Kong profits tax accordingly.

Profit for the Period

Profit for the Reporting Period of the Group was approximately RMB332.2 million, representing a decrease of approximately 0.4% from approximately RMB333.5 million for the corresponding period in 2023; profit attributable to owners of the Company was approximately RMB301.6 million, representing an increase of approximately 2.7% as compared to that for the corresponding period in 2023; and net profit margin was approximately 12.0%, down by 0.4 percentage point over that for the corresponding period in 2023.

Gearing Ratio

Our gearing ratio was calculated based on total borrowings divided by total equity as of the respective date. As at 30 June 2024, our gearing ratio was 0% (as at 31 December 2023: 0%).

SIGNIFICANT INVESTMENTS

As at 30 June 2024, the Group held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income of approximately RMB376.0 million and approximately RMB1.1 million respectively, accounting for approximately 5.4% in aggregate of the total assets of the Group as at 30 June 2024. 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 30 June 2024, the Group did not hold any significant investments. As at 30 June 2024, the Company had no plans for any significant investments in the future.

Nature of investments	As at 30 June 2024		For the six months ended 30 June 2024	
	Fair value RMB'000	Approximate percentage of the total assets of the Group %	Fair value gains/(losses) through profit or loss RMB'000	Other income RMB'000
Financial assets at fair value through profit or loss:				
Trust products and investment funds	364,702	5.2	12,374	4,815
Listed bonds denominated in US dollars	11,290	0.2	(2,588)	—
Total	<u>375,992</u>	<u>5.4</u>	<u>9,786</u>	<u>4,815</u>

Nature of investments	As at 30 June 2024		For the six months ended 30 June 2024	
	Fair value RMB'000	Approximate percentage of the total assets of the Group %	Accrued expected credit impairment loss RMB'000	Other income RMB'000
Financial assets at fair value through other comprehensive income:				
Listed bonds denominated in US dollars	<u>1,075</u>	<u>—</u>	<u>(1,302)</u>	<u>—</u>

PLEDGE OF ASSETS

As at 30 June 2024, the Group did not pledge any assets.

FOREIGN EXCHANGE RISK

As at 30 June 2024 and 31 December 2023, the balances of cash and cash equivalents held by the Group were as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
USD	22,765	23,672
RMB	1,898,189	1,890,607
HKD	186,387	13,004
Total	<u>2,107,341</u>	<u>1,927,283</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 U.S. 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.

PLACING

On 16 March 2021, the Company and Citigroup Global Markets Limited and CLSA Limited (the "Placing Agents") entered into a placing agreement, pursuant to which the Placing Agents agreed on an individual (rather than joint nor joint and individual) basis to place (the "Placing") up to 50,000,000 new ordinary shares (the "Placing Shares") on a best efforts basis at a price of HK\$20.80 per share. The aggregate nominal value of the Placing Shares is US\$500,000, while the net placing price (after deducting related costs and expenses to be borne by the Company) is approximately HK\$20.64 per share. The Directors are of the view that the Placing will raise funds to consolidate the financial position of the Group, provide a good opportunity to broaden the shareholder base and capital base of the Group to facilitate future development, and increase the liquidity of the shares.

The Placing was completed on 23 March 2021. A total of 50,000,000 Placing Shares were successfully placed to not less than six places at a placing price of HK\$20.80 per Placing Share. The Company has received the net proceeds from the Placing of approximately HK\$1,032 million (equivalent to approximately RMB864.3 million) (after deducting the relevant costs and expenses to be borne by the Company).

On 28 March 2024, the Board has resolved to change the use of the remaining unutilised net proceeds from the Placing with an updated expected timeline of full utilisation, please refer to the announcement of the Company dated 28 March 2024 (the “**Announcement**”) for details.

As at 30 June 2024, the Company has fully utilised the net proceeds from the Placing. The particulars of the change in use of proceeds from the Placing as set out in the Announcement and the usage of the net proceeds during the six months ended 30 June 2024 are as follows:

Item	Net proceeds (RMB million)							
	Percentage of planned use of net proceeds as at 31 December 2023	Planned use of net proceeds as at 31 December 2023	Unutilised amount as at 31 December 2023	Revised allocation of use of net proceeds according to the Announcement	Revised allocation of unutilised amount according to the Announcement	Utilised amount during the six months ended 30 June 2024	Unutilised amount as at 30 June 2024	Expected time of full utilisation of the balance
Acquisition of property management companies	60%	518.6	—	518.6	—	—	—	Not applicable
Acquisition of downstream companies that are complementary to the Company’s community-related value-added service business	30%	259.3	47.6	211.7	—	—	—	Not applicable
Upgrade of information technology infrastructure	10%	86.4	—	86.4	—	—	—	Not applicable
General working capital of the Group	—	—	—	47.6	47.6	47.6	—	Not applicable
Total	100%	864.3	47.6	864.3	47.6	47.6	—	

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 Reporting Period. 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 six months ended 30 June 2024.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities (including sale of treasury shares (as defined under the Listing Rules), if any) of the Company. The Company did not have any treasury shares as at 30 June 2024.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

The Group has no significant event after the end of the Reporting Period and up to the date of this announcement.

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 six months ended 30 June 2024, 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 six months ended 30 June 2024, the Company did not grant any award shares under the Share Award Scheme.

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 the Audit Committee is to review and oversee the financial reporting system, risk management and internal control of the Company.

The Audit Committee, together with the management, has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024.

PUBLICATION OF INTERIM RESULTS AND 2024 INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xinchengyue.com), and the 2024 interim report of the Company containing all information required by the Listing Rules will be sent to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

CHANGE OF CHIEF FINANCIAL OFFICER

The Board hereby announces that Mr. Zuo Wei (“**Mr. Zuo**”) has tendered his resignation as the chief financial officer of the Company with effect from 28 August 2024, due to his other work arrangements in the Seazen Group. Mr. Zuo has confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the Shareholders or the Stock Exchange.

Following the resignation of Mr. Zuo, the Board is pleased to announce that Ms. Chen Nina (“**Ms. Chen**”) has been appointed as the chief financial officer of the Company with effect from 28 August 2024.

Ms. Chen Nina, aged 42, is a certified public accountant in the PRC, and holds a master’s degree in management from the South China University of Technology. Ms. Chen formerly served as an audit manager at KPMG Huazhen LLP. After joining Seazen Holdings Co., Ltd.* (新城控股集團股份有限公司) in May 2014, Ms. Chen served subsequently as the budget manager, tax manager, and general manager of finance of the real estate development and commercial management business division. Ms. Chen possesses good knowledge background in accounting, auditing, financial management and internal control, along with a solid professional foundation in finance. She has over 17 years of professional industry experience in various fields such as investment and finance management, financial operation management, informatization construction and tax planning, as well as experience in group-based financial operation management.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Zuo for his valuable contribution to the Company during his tenure of services and welcome Ms. Chen on her new appointment in the Company.

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

The PRC, 28 August 2024

For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities have been included in this announcement in both the Chinese and English languages and in the event of any inconsistency, the Chinese version shall prevail. English translation of official Chinese names is for identification purpose only.

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.