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S-Enjoy Service Group Co., Limited
新城悅服務集團有限公司
(Incorporated under the laws of the Cayman Islands with limited liability)
(Stock Code: 1755)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

During the Reporting Period, the revenue of the Group amounted to RMB856.3 million, representing an increase of 71.3% as compared to RMB500.0 million for the corresponding period in 2018.

Revenue from property management services, the Group's largest source of revenue, amounted to RMB397.5 million, an increase of 18.5% as compared to RMB335.3 million for the corresponding period in 2018, accounting for 46.4% of the Group's revenue in the first half of 2019; revenue from developer-related value-added services was RMB274.2 million, an increase of 161.8% as compared to RMB104.7 million for the same period in 2018; revenue from community-related value-added services recorded a significant growth during the Reporting Period, amounting to RMB71.1 million, representing an increase of 206.3% as compared to RMB23.2 million for the corresponding period in 2018; and revenue from professional services came in at RMB113.4 million, surging 209.0% in comparison with RMB36.7 million generated for the corresponding period in 2018.

Gross profit amounted to RMB249.9 million, representing an increase of 73.8% over RMB143.8 million for the corresponding period in 2018. Gross profit margin was 29.2%, up 0.4 percentage point over 28.8% in the corresponding period of last year. The improvement in gross profit margin was mainly attributed to the increase in gross profit margin of property management services and developer-related value-added services.

During the Reporting Period, the profit was RMB124.1 million, an increase of 105.9% in comparison with RMB60.3 million recorded for the corresponding period in 2018. Profit attributable to equity shareholders of the Company amounted to RMB117.2 million, growing 115.1% over that for the corresponding period in 2018. Net profit margin was 14.5%, up 2.4 percentage points over 12.1% for the same period of last year.

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 2019 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2019

		Six months ended 30 June	
	Note	**2019**	2018
		RMB'000	*RMB'000*
			(Note 1)
Revenue	*4*	**856,251**	499,967
Cost of sales and services	*4,5*	**(606,350)**	(356,172)
Gross profit		**249,901**	143,795
Selling and marketing expenses	*5*	**(3,936)**	(2,361)
Administrative expenses	*5*	**(88,081)**	(73,373)
Net impairment losses on financial assets		**(12,883)**	(7,056)
Other income		**9,787**	1,121
Other expenses		**(404)**	(466)
Other (losses)/gains – net		**(3,574)**	10,706
Operating profit		**150,810**	72,366
Finance income	*6*	**10,262**	3,901
Finance cost		**(176)**	–
Finance income – net		**10,086**	3,901
Profit before income tax		**160,896**	76,267
Income tax expense	*7*	**(36,795)**	(16,003)
Profit for the period		**124,101**	60,264
Profit for the period is attributable to:			
– Owners of the Company		**117,245**	54,501
– Non-controlling interests		**6,856**	5,763
		124,101	60,264
Total comprehensive income for the period		**124,101**	60,264
Total comprehensive income for the period is attributable to:			
– Owners of the Company		**117,245**	54,501
– Non-controlling interests		**6,856**	5,763
		124,101	60,264
Earnings per share(expressed in RMB per share)			
– Basic and diluted earnings per share	*8*	**0.14**	0.07

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 RMB'000	31 December 2018 RMB'000 (Note 1)
Assets			
Non-current assets			
Property, plant and equipment		**8,337**	8,389
Right-of-use assets		**8,566**	–
Intangible assets		**11,581**	12,031
Deferred income tax assets		**27,875**	24,220
Deposits	*10*	**3,010**	2,812
Financial assets at fair value through other comprehensive income		**1,660**	1,660
Prepayments		**3,770**	5,573
Total non-current assets		**64,799**	54,685
Current assets			
Inventories		**22,411**	11,731
Financial assets at fair value through profit or loss		**277,627**	–
Trade receivables	*9*	**403,284**	129,118
Prepayments, deposits and other receivables	*10*	**94,208**	95,395
Cash and cash equivalents		**917,219**	1,281,270
Total current assets		**1,714,749**	1,517,514
Total assets		**1,779,548**	1,572,199
Equity			
Equity attributable to owners of the Company			
Share capital	*11*	**56,639**	56,639
Reserves		**501,526**	610,656
Retained earnings		**305,075**	187,830
		863,240	855,125
Non-controlling interests		**29,811**	22,767
Total equity		**893,051**	877,892

	Note	30 June 2019 RMB'000	31 December 2018 RMB'000 (Note 1)
Liabilities			
Non-current liabilities			
Lease liabilities		**4,968**	–
Provisions		**478**	1,050
Deferred tax liabilities		**8,481**	4,646
Total non-current liabilities		**13,927**	5,696
Current liabilities			
Contract liabilities		**290,362**	248,764
Trade and other payables	*12*	**555,756**	416,746
Current income tax liabilities		**22,810**	23,101
Lease liabilities		**3,642**	–
Total current liabilities		**872,570**	688,611
Total liabilities		**886,497**	694,307
Total equity and liabilities		**1,779,548**	1,572,199
Net current assets		**842,179**	828,903

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 30 June 2019

1 GENERAL INFORMATION

S-Enjoy Service Group Company Limited (the "Company") (formerly "Xinchengyue Holding Limited") 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. 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.

During the interim reporting period, the Group has acquired 100% of the issued capital of Shanghai Shuyuan Information Technology Co., Ltd.("Shanghai Shuyuan"), The financial statements have been retrospectively adjusted and presented as if the acquired subsidiary had been consolidated at the beginning of the previous reporting period or when it first came under common control, whichever is shorter.

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

The condensed consolidated interim financial statements are presented in thousands of Renminbi ("RMB"), unless otherwise stated, and were approved and authorized for issue by the board of directors of the Company on 23 August 2019.

These condensed consolidated interim financial statements have not been audited.

2 BASIS OF PREPARATION

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

2.1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out in note 2.2.

2.2 Accounting policies

Except for the estimation of income tax as described below and the newly effective standards, amendments and interpretations that became applicable to the Group first time for the six months ended 30 June 2019, the accounting policies adopted are consistent with those of the annual consolidated financial statements for the year ended 31 December 2018, as described in those annual financial statements.

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

2.2.2 New standards, amendments and interpretation adopted by the Group in the six months ended 30 June 2019

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies, and make adjustments as a result of adopting the following standards:

- HKFRS 16 – Lease
- HK (IFRIC) 23 – Uncertainty over income tax treatments
- Amendments to HKFRS 9 – Prepayment features with negative compensation
- Amendments to HKAS 28 – Long-term interests in associates and joint ventures
- Amendments to HKAS 19 – Plan amendment, curtailment or settlement
- Amendments improvement to HKFRSs – Annual improvements to HKFRS standards 2015-2017 cycle

The effects of the adoption of HKFRS 16 is disclosed in Note 5. The other standards did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

2.3 Change in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening financial position on 1 January 2019.

2.3.1 Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.9%.

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	6,989
Discounted using the lessee's incremental borrowing rate of at the date of initial application	6,322
Less: short-term leases recognised on a straight-line basis as expense	(126)
Less: low-value leases recognised on a straight-line basis as expense	(15)
Lease liability recognised as at 1 January 2019	6,181
Of which are:	
– Current lease liabilities	2,268
– Non-current lease liabilities	3,913

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following type of assets:

	30 June 2019	1 January 2019
	RMB'000	*RMB'000*
Property, plant and equipment	**8,566**	6,181

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB6,181,000
- lease liabilities – increase by RMB6,181,000

(a) *Impact on earnings per share*

There is no material impact for earnings per share for the six months ended 30 June 2019 as a result of the adoption of HKFRS 16.

(b) *Practical expedients applied*

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 Determining whether an Arrangement contains a Lease.

2.3.2 *The Group's leasing activities and how these are accounted for*

The Group leases various offices and buildings. Rental contracts are typically made for fixed periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of offices and buildings were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise other low-value lease of offices and buildings.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker (the "**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 2019, the Group was principally engaged in the provision of property management services and value-added services, including property developer-related services, community-related services and professional 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 2019.

As at 30 June 2019 and 31 December 2018, all of the non-current assets of the Group were located in the PRC.

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 by category for the six months ended 30 June 2019 and 2018 is as follows:

	Six months ended 30 June			
	2019		2018	
	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	**397,535**	**285,766**	335,332	242,421
Value added services:				
– Property developer-related services	**274,210**	**206,052**	104,724	82,822
– Community-related services	**71,071**	**21,539**	23,203	3,600
– Professional services	**113,435**	**92,993**	36,708	27,329
	856,251	**606,350**	499,967	356,172

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Employee benefit expenses	**251,289**	151,443
Outsourced security, greening and cleaning costs	**265,701**	189,033
Raw materials and components used in property management services, professional services and community-related services	**115,522**	27,543
Utilities	**21,961**	19,022
Professional fees	**8,639**	18,633
Including: Listing expenses (included in the professional fees above)	**–**	16,563
Travelling expenses	**7,183**	4,296
Office expenses	**6,360**	4,768
Taxes and surcharges	**6,091**	4,444
Depreciation and amortization charges	**4,853**	1,754
Business entertainment expenses	**2,706**	2,603
Employee uniform and related expenses	**2,533**	2,386
Bank charges	**2,336**	2,469
Advertising & promotion expenses	**579**	226
Operating lease payments	**133**	1,296
IT system development and maintenance expenses	**–**	760
Others	**2,481**	1,230
	698,367	431,906

6 FINANCE INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest income on cash and cash equivalents	**10,262**	3,901

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**36,615**	16,229
Deferred income tax		
– PRC corporate income tax	**180**	(226)
	36,795	16,003

(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) Hong Kong profit 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 2019 and 2018.

(c) 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 years, based on the existing legislation, interpretations and practices in respect thereof.

Tibet Xinchengyue Property Services Co., Ltd. ("Tibet Xinchengyue"), one of the Company's subsidiary applied a preferential tax rate of 15% until 2020 for its head office in Tibet as part of the Western Region Development strategy after it changed its place of incorporation from Changzhou to Tibet on 17 December 2015. 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 20% applicable income tax rate.

The corporate income tax rate applicable to the entities located in Mainland China out of Tibet Autonomous Region is 25% according to the Corporate Income Tax Law of the PRC.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. For the six months ended 30 June 2019, the Group made a provision for PRC withholding tax with amount of RMB3,835,000 (2018: nil) based on the tax rate of 10% on a estimated portion 30% of the earnings generated by its PRC entities. The Group controls the dividend policies of these subsidiaries and it has been determined that it is probable that a majority of these earnings will not be distributed in the foreseeable future.

8 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings per share for the six months ended 30 June 2019 is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2019	2018
Earnings:		
Profit attributable to owners of the Company used in the basic earnings per share calculation *(RMB'000)*	**117,245**	54,501
Number of shares:		
Weighted average number of ordinary shares in issue during the period basic earnings per share calculation *(in thousand)*	**820,000**	820,000
Basic earnings per share for profit attributable to the owners of the Company during the period *(expressed in RMB)*	**0.14**	0.07

9 TRADE RECEIVABLES

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Trade receivables *(Note (a))*		
– Related parties	**276,411**	49,762
– Third parties	**173,725**	116,766
	450,136	166,528
Less: allowance for impairment of trade receivables	**(46,852)**	(37,410)
	403,284	129,118

(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 terms of the relevant property service agreements. Service income from property management services is due for payment by the property owners upon rendering of services.

As at 30 June 2019 and 31 December 2018, the ageing analysis of the trade receivables based on invoice date and due date were as follows:

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 1 year	**383,801**	109,073
1 to 2 years	**26,779**	23,132
2 to 3 years	**15,957**	13,588
3 to 4 years	**7,721**	5,563
4 to 5 years	**4,230**	4,515
Over 5 years	**11,648**	10,657
	450,136	166,528

As at 30 June 2019 and 31 December 2018, 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 2019 and 31 December 2018, no trade receivables of the Group was pledged to secure borrowings granted to the Group.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Movements on the provision for impairment of trade receivables are shown as follows:

	Trade receivables
	RMB'000
At 1 January 2019	**37,410**
Provision for loss allowance recognised in consolidated statement of comprehensive income	**9,442**
At 30 June 2019	**46,852**
At 1 January 2018	27,165
Provision for loss allowance recognised in consolidated statement of comprehensive income	10,245
At 31 December 2018	37,410

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2019		31 December 2018	
	RMB'000		*RMB'000*	
	Current	**Non-current**	Current	Non-current
Prepayments				
– Utilities and outsourced services	**30,930**	**–**	28,694	–
– Raw materials for engineering and maintenance services	**7,978**	**–**	3,881	–
Subtotal	**38,908**	**–**	32,575	–
Input VAT to be deducted	**490**	**–**	1,047	–
Deposits	**23,544**	**3,040**	18,021	2,840
Other receivables				
– Related parties	**–**	**–**	12,850	–
– Payments on behalf of property owners	**32,807**	**–**	32,033	–
– Others	**9,504**	**–**	6,475	–
Subtotal	**42,311**	**–**	51,358	–
Total	**105,253**	**3,040**	103,001	2,840
Less: allowance for impairment of other receivables and deposits	**(11,045)**	**(30)**	(7,606)	(28)
	94,208	**3,010**	95,395	2,812

As at 30 June 2019 and 31 December 2018, the amounts represented the payments on behalf of property owners in respect of utilities and elevator maintenance costs of the properties.

As at 30 June 2019 and 31 December 2018, prepayments, deposits and other receivables were denominated in RMB.

Movements on the provision for impairment of prepayments, deposits and other receivables (excluding prepayments and input VAT to be deducted) are shown as follows:

	Prepayments, deposits and other receivables (excluding prepayments and input VAT to be deducted) *RMB'000*
At 1 January 2019	**7,634**
Provision for loss allowance recognised in consolidated statement of comprehensive income	**3,441**
At 30 June 2019	**11,075**
At 1 January 2018	5,543
Provision for loss allowance recognised in consolidated statement of comprehensive income	2,091
At 31 December 2018	7,634

11 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 30 June 2019, 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**	**RMB**
As at 1 January 2019 and 30 June 2019	820,000,000	8,200,000	56,639,012

12 TRADE AND OTHER PAYABLES

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Trade payables *(Note (a))*		
– Third parties	**169,268**	85,642
Other payables		
– Accrued expenses	**23,037**	15,160
– Amounts collected on behalf of property owners	**262,842**	219,788
– Others	**4,743**	4,032
	290,622	238,980
Accrued payroll	**72,461**	72,026
Other tax payables	**23,405**	20,098
	555,756	416,746

(a) At 30 June 2019 and 31 December 2018, the ageing analysis of the trade payables based on invoice date were are follows:

	30 June 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 1 year	**168,388**	84,721
1 to 2 years	**413**	533
2 to 3 years	**284**	251
Over 3 years	**183**	137
	169,268	85,642

(b) At 31 December 2018 and 30 June 2019, trade and other payables were denominated in RMB.

13 DIVIDENDS

	Six months ended 30 June	
	2019 *RMB'000*	2018 *RMB'000*
Dividends	**82,000**	59,000

A final dividend in respect of 2018 of RMB0.1 per ordinary share, amounting to RMB82,000,000, was approved at the annual general meeting of the Company held on 20 May 2019. The dividend is reflected as an appropriation of share premium. As of 30 June 2019, the dividend had been paid.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2019, the Group has consistently adhered to its established strategic plan of raising the proportion of revenue from community-related value-added services and smart community-related services. In the same period, these two business segments achieved a year-on-year growth of over 200%. The Group's efforts have also been recognized by the capital market and the industry. In addition, the awards we won showcase our increased visibility and influence in the industry. During the Reporting Period, we were one of the Top 10 Listed Property Management Service Providers for 2019 and in the Top 10 of the Top 100 Property Management Service Companies in China in terms of growth in 2019, and we ranked 13th in the Consolidated Ranking of China's Property Management Service Providers.

In the first half of 2019, the Group took steps in the areas of talent recruitment, third-party projects expansion and community-related value-added services in order to make the necessary preparations for its medium and long-term development strategies. The Group is determined to continue to create long-term value for its investors. (1) Listing brings advantages to talent recruitment: the Group's successful listing and the continued rise in share price have given it a significant edge in attracting topnotch talent. In the first half of this year, the Group brought in more than 20 outstanding mid-level and senior executives from reputable property management companies in the PRC to fulfill the corresponding management positions in our regional companies and headquarters. (2) New accomplishments were reached in third-party projects expansion: in the first half of this year, in addition to implementing its usual external expansion strategy by taking over new projects, the Group also opened up new channels by seeking mergers and acquisitions or setting up joint ventures with developers. (3) The community-related value-added service team was basically formed, with outstanding performance in the first half of the year: the headquarters and the major branches have all completed the formation of highly competent teams for community-related value-added services. By focusing on the agency sales of vacant parking spaces and ready-to-move-in service, which can generate revenue on a relatively easier basis, the new teams surpassed the performance goal for the first half year. On the other hand, the teams conducted in-depth research into sustainable community-related value-added services, providing the business with resources and making preparations for the sustainable healthy growth.

Looking ahead, the property management sector is growing stronger in the capital market, with the public paying increasing attention to the market of existing homes. The Group will maintain its customary solid working ethic and provide more services and convenience to owners, communities and society.

In the second half of 2019, the Group will accept the delivery of large quantities of new projects. Thanks to its long-term talent reserves and staff training system, the Group is well prepared for providing a wonderful house handover experience for new house owners. With regard to third-party project expansion, the Group will continue its expansion strategy with the takeover of new projects as the mainstay, and mergers and acquisitions and joint venture cooperation as a supporting role, and will speed up expansion appropriately while ensuring project quality. In terms of community-related value-added services, based on the continuously improving services for ready-to-move-in service and asset management business model, we will focus on gradually transforming the Orange APP into a major platform for sustainable community-related value-added services, as well as providing owners with more comprehensive indoor services or household products by operating through self-build teams or building a platform for suppliers. With respect to professional services, the Group will further improve its sales capabilities in the smart community business on the basis of the product capabilities in parking management system and smart home system solutions of Shanghai Shuyuan Information Technology Company Limited, which was acquired in the first half of 2019. The Group will seek to expand the smart community planning and engineering business for third-party developers, and will also penetrate the business of smart homes in newly delivered projects.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group amounted to RMB856.3 million, representing an increase of 71.3% over the same period in 2018, which was RMB500.0 million.

The revenue of the Group derived from four sectors: (i) property management services; (ii) developer-related value-added services; (iii) community-related value-added services; and (iv) professional services.

	For the six months ended 30 June		
	2019	2018	Growth rate
	RMB '000	*RMB '000*	*%*
Property management services	**397,535**	335,332	18.5
Developer-related value-added services	**274,210**	104,724	161.8
Community-related value-added services	**71,071**	23,203	206.3
Professional services	**113,435**	36,708	209.0
Total	**856,251**	499,967	71.3

- ***Property management services***

During the Reporting Period, the property management services revenue of the Group amounted to RMB397.5 million, representing an increase of 18.5% over the same period in 2018, which was RMB335.3 million. The property management services revenue was our main source of revenue, accounting for 46.4% in the first half of 2019. The growth in the property management services revenue depended on the increase of the GFA under management and the rising unit price of property management fee.

The change in GFA under management is set out in the following table:

	30 June 2019 *thousand sq.m.*	30 June 2018 *thousand sq.m.*	Net increase *thousand sq.m.*	Growth rate *%*	**Area proportion as at 30 June 2019** *%*	31 December 2018 *thousand sq.m.*	Net increase *thousand sq.m.*	Growth rate *%*
Future Land affiliates	**32,548**	27,468	5,080	18.5	**73.2**	30,473	2,075	6.8
Third parties	**11,886**	10,411	1,475	14.2	**26.8**	12,414	(528)	(4.2)
Total	**44,434**	37,879	6,555	17.3	**100.0**	42,887	1,547	3.6

Details of the change in GFA under management are set out in the following table:

	As of 30 June	
	2019 ***thousand sq.m.***	2018 *thousand sq.m.*
At the beginning of the year	**42,887**	36,277
Takeover	**2,696**	1,849
Including		
Takeover-Future Land affiliates	**2,074**	1,290
Takeover-third parties	**622**	559
Terminations	**1,149**	247
At the end of the period	**44,434**	37,879

As of 30 June 2019, the total GFA under management of the Group amounted to 44.4 million square meters, representing an increase of 17.3% over the same period in 2018, which was 37.9 million square meters, among which, the GFA under management of Future Land affiliates accounted for 73.2% or amounted to 32.5 million square meters, while the GFA under management of the third parties accounted for 26.8% or amounted to 11.9 million square meters. In the future, we will stick to the third-party expansion strategy based on new projects.

The regional distribution of GFA under management of the Group is set out in the following table:

	As of 30 June 2019		As of 30 June 2018	
Regions	**Percentage in property services revenue %**	**Percentage in GFA under management %**	Percentage in property services revenue %	Percentage in GFA under management %
Yangtze Delta	**83.2**	**85.7**	82.4	87.3
Of which: Jiangsu Province	**60.6**	**67.2**	64.1	69.2
Bohai Rim	**1.9**	**2.1**	1.9	1.6
Midwest	**11.3**	**10.1**	12.0	8.8
Other regions	**3.6**	**2.1**	3.7	2.3
Total	**100.0**	**100.0**	100.0	100.0

As of 30 June 2019, the Group had projects under management across the country. Thanks to its long presence and high brand recognition in Jiangsu Province, the GFA under management of the Group in Jiangsu Province accounted for 67.2%. In the future, with the further exploration of the Group in the "1+3" strategic areas, we believe that the proportion of GFA in each region will be more balanced.

Change of contracted GFA of the Group during the Reporting Period is set out in the following table:

	30 June 2019 *thousand sq.m.*	30 June 2018 *thousand sq.m.*	Net increase *thousand sq.m.*	Growth rate *%*	**Area proportion as at 30 June 2019** *%*	31 December 2018 *thousand sq.m.*	Net increase *thousand sq.m.*	Growth rate *%*
Future Land affiliates	**106,309**	63,904	42,405	66.4	**80.1**	87,689	18,620	21.2
Third parties	**26,490**	18,164	8,326	45.8	**19.9**	24,510	1,980	8.1
Total	**132,799**	82,068	50,731	61.8	**100**	112,199	20,600	18.4

Details of change of contracted GFA of the Group during the Reporting Period are set out in the following table:

	As of 30 June	
	2019 ***thousand sq.m.***	2018 *thousand sq.m.*
At the beginning of the year	**112,199**	67,808
New engagements	**21,749**	14,507
Including		
New engagements-Future Land affiliates	**18,620**	12,231
New engagements-third parties	**3,129**	2,276
Terminations	**1,149**	247
At the end of the period	**132,799**	82,068

As of 30 June 2019, the contracted GFA of the Group amounted to 132.8 million square meters, representing an increase of 61.8% from 82.1 million square meters of the same period in 2018, among which, the contracted GFA of Future Land affiliates accounted for 80.1% or amounted to 106.3 million square meters, while the contracted GFA of the third parties accounted for 19.9% or amounted to 26.5 million square meters.

- ***Developer-related value-added services***

  During the Reporting Period, the revenue from developer-related value-added services of the Group amounted to RMB274.2 million, representing an increase of 161.8% from RMB104.7 million of the same period in 2018. The increase of the revenue from developer-related value-added services was mainly due to the increase of the revenue from sales office services.

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

  The revenue from community-related value-added services of the Group enjoyed significant growth during the Reporting Period, amounting to RMB71.1 million, representing an increase of 206.3% from RMB23.2 million of the same period in 2018. The significant growth in this segment was closely related to the new business fostered by the Group in last year. During the Reporting Period, our asset management business experienced rapid growth, generating revenue of RMB22.8 million. The parking lots sales agency service was successfully launched in Shanghai, Suzhou, Nanjing, Changzhou, Wuxi and Wuhan. More than 1,500 parking lots were sold in the first half, and the sales volume was increased each month. In addition to the asset management services, our ready-to-move-in services also had outstanding performance in the first half of the year. We launched diversified operating strategies for projects of different orientations and locations, and the headquarters of the Group enhanced the control over the projects. Thanks to these, our revenue from the ready-to-move-in services in the first half of the year has exceeded that for the last whole year.

- ***Professional services***

  Thanks to the increase of the smart engineering construction businesses, our professional service revenue during the Reporting Period amounted to RMB113.4 million, representing an increase of 209.0% from RMB36.7 million of the same period in 2018. The smart engineering construction business generally commenced in half a year prior to the delivery of new buildings. As of 30 June 2019, we won 66 projects in the first half of the year for our smart engineering construction businesses, and the amount of the contracts signed exceeded RMB200 million.

Cost of sales

During the Reporting Period, the cost of sales of the Group amounted to RMB606.4 million, representing an increase of 70.2% as compared to RMB356.2 million for the corresponding period in 2018. The increase of the cost of sales was mainly due to the rapid growth of our businesses. However, because the cost was growing at a slightly slower rate than that of the revenue, our overall gross profit margin was increased.

Gross profit and gross profit margin

	For the six months ended 30 June						
	2019			2018			
	Gross profit	**Gross profit margin**	**Percentage of gross profit**	Gross profit	Gross profit margin	Percentage of gross profit	Change in gross profit margin
	RMB'000	*%*	*%*	*RMB'000*	*%*	*%*	*%*
Property management services	**111,769**	**28.1**	**44.7%**	92,912	27.7	64.6%	0.4
Developer-related value-added services	**68,158**	**24.9**	**27.3%**	21,901	20.9	15.2%	4.0
Community-related value-added services	**49,532**	**69.7**	**19.8%**	19,603	84.5	13.7%	(14.8)
Professional services	**20,442**	**18.0**	**8.2%**	9,379	25.6	6.5%	(7.6)
Total	**249,901**	**29.2**	**100.0%**	143,795	28.8	100.0%	0.4

During the Reporting Period, the gross profit of the Group amounted to RMB249.9 million, representing an increase of 73.8% as compared to RMB143.8 million for the corresponding period in 2018. Gross profit margin was 29.2%, up 0.4 percentage point over 28.8% for the corresponding period in 2018.

Gross profit of property management services amounted to RMB111.8 million, representing an increase of 20.3% as compared to RMB92.9 million for the corresponding period in 2018. Gross profit margin was 28.1%, up 0.4 percentage point over 27.7% for the corresponding period in 2018. The factors affecting the gross profit margin of property management services are (i) the optimization of projects under management and withdrawal from communities with relatively poor profit making ; (ii) the increase in the proportion of new projects' GFA under management; and (iii) the increase in the average unit price of property management fees of the projects under management.

Gross profit of developer-related value-added services amounted to RMB68.2 million, representing an increase of 211.2% as compared to RMB21.9 million for the corresponding period in 2018. Gross profit margin was 24.9%, up 4.0 percentage points over 20.9% for the corresponding period in 2018, attributable to the excellent cost control by the Company.

Gross profit of community-related value-added services amounted to RMB49.5 million, representing an increase of 152.7% as compared to RMB19.6 million for the corresponding period in 2018. Gross profit margin was 69.7%, down 14.8 percentage points from 84.5% for the corresponding period in 2018. The decline in gross profit margin of this segment was mainly due to changes in the revenue structure of the business. The asset management business was a new business started by the Group in the second half of 2018, the proportion of which increased rapidly during the Reporting Period.

Gross profit of professional services amounted to RMB20.4 million, representing an increase of 118.0% as compared to RMB9.4 million for the corresponding period in 2018. Gross profit margin was 18.0%, down 7.6 percentage points from 25.6% for the corresponding period in 2018. During the Reporting Period, we carried out a large number of pre-delivery smart engineering construction businesses, making the fast increased proportion of the business, which lowered the overall gross profit margin of this segment.

Administrative expenses

Administrative expenses were RMB88.1 million, an increase of 20.0% over RMB73.4 million for the corresponding period in 2018. The growth rate was lower than the growth trend of the Group's revenue. This is mainly because: (i) there were higher listing expenses in the same period of 2018, while no such expenses were incurred in the Reporting Period; and (ii) the Company implemented good cost control measures to improve the Group's operational efficiency.

Other gains/(losses)

During the Reporting Period, the Group's other losses amounted to RMB3.6 million, while other gains for the corresponding period in 2018 were RMB10.7 million. The change was mainly caused by the fluctuations in exchange rates during the Reporting Period.

Income tax

During the Reporting Period, the income tax was RMB36.8 million, an increase of 129.9% as compared to that of RMB16.0 million for the same period in 2018. The effective tax rate was 22.9%, slightly higher than that of 21.0% in the same period of 2018. The increase in the tax rate was mainly due to the application of a 25% income tax rate to individual new subsidiaries at the end of the Reporting Period, which raised the overall tax rate.

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 2019, the Group did not make provision for Hong Kong profits tax accordingly.

Profit for the period

Profit for the period was RMB124.1 million, an increase of 105.9% over RMB60.3 million for the same period in 2018; the profit attributable to equity shareholders of the Company was RMB117.2 million, an increase of 115.1% as compared with the same period of last year; and the net profit margin was 14.5%, up 2.4 percentage points over 12.1% in the same period of last year.

Liquidity, reserves and capital structure

As of 30 June 2019, the Group maintained a sound financial position. As at 30 June 2019, the current assets of Group were RMB1,714.7 million, representing an increase of 13.0% as of 31 December 2018. The cash and cash equivalents of the Group were RMB917.2 million. The Group has abundant cash, bearing no bank loans and is in a net cash position. As at 30 June 2019, the current ratio of the Group was 2.0, which was in a very stable level.

As at 30 June 2019, the Group's equity was RMB893.1 million, representing an increase of 1.7% compared with RMB877.9 million of 31 December 2018. This is mainly due to the accumulation of profits of the Group during the Reporting Period, and offset by RMB82.0 million cash dividends payout.

Trade receivables

Trade receivables reached RMB403.3 million, an increase of 212.3% over RMB129.1 million at the end of last year, which was mainly caused by the faster growth of services provided to developers during the Reporting Period.

Borrowings

As at 30 June 2019, the Group had no borrowings.

Significant Investment

During the Reporting Period, the Group held no significant investment.

Pledge of Assets

As at 30 June 2019, the Group did not pledge any assets.

Foreign Exchange Risk

Since all of the Group's businesses were located in China, revenue and profits for the Reporting Period were calculated in Renminbi. The foreign currency held by the Group was the proceeds from listing, all of which were in Hong Kong dollars. The Group did not consider that there was significant foreign currency exchange risk.

PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 November 2018 with the issue of 220,000,000 new shares (including the issue of 20,000,000 new shares upon the partial exercise at the over-allotment option), with total net proceeds of approximately RMB538.4 million from the listing after deducting underwriting fees and related expenses.

The proceeds are and will continuously be used in accordance with the plans as disclosed in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" of the prospectus of the Company dated 24 October 2018, namely:

- 60% for the acquisition of property service companies and the acquisition of property management projects (1.0% used);

- Approximately 15% for the expansion of our value-added services business line (37.1% used);

- Approximately 15% for the investment in advanced technology and employees to create more efficient services for our residents (11.7% used); and

- 10% for working capital and general corporate purpose (fully used).

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019.

CHANGES IN DIRECTORS' INFORMATION

Mr. Wang Zhenhua, a former non-executive Director, resigned on 8 July 2019, and Mr. Wang Xiaosong was appointed as a non-executive Director on the same day.

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Save as disclosed in this results announcement, the Company has complied with all applicable code provisions as set out in the CG Code during the six months ended 30 June 2019. The Company will continue to review and enhance its corporate governance practices to ensure the compliance with the CG Code.

Under code provision A.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 circumstances at that time. 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 10 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 Model Code during six months ended 30 June 2019.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has repurchased 1,900,000 shares through the Stock Exchange at a total consideration of approximately HKD10.6 million on 8 July 2019.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period and up to the date of this results announcement.

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, together with the management, has reviewed the unaudited condensed interim results of the Group for the six months ended 30 June 2019.

PUBLICATION OF INTERIM RESULTS AND 2019 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 2019 interim report containing all information required by the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 23 August 2019

As at the date of this announcement, the Board comprises Mr. Qi Xiaoming, Ms. Wu Qianqian and Mr. Lan Ziyong as executive Directors; Mr. Wang Xiaosong, Mr. Lv Xiaoping and Mr. Lu Zhongming as non-executive Directors; and Ms. Zhang Yan, Mr. Zhu Wei and Mr. Xu Xinmin as independent non-executive Directors.