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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2022, the Group's revenue was approximately RMB2,466.0 million, representing an increase of approximately 31.4% from approximately RMB1,877.0 million for the corresponding period in 2021.

For the six months ended 30 June 2022, the Group's revenue from property management services was approximately RMB1,392.6 million, representing approximately 56.5% of revenue and an increase of approximately 51.4% from approximately RMB919.7 million for the corresponding period in 2021; revenue from community-related value-added services was approximately RMB624.6 million, representing approximately 25.3% of revenue and an increase of approximately 113.2% from approximately RMB292.9 million for the corresponding period in 2021; revenue from smart community services was approximately RMB174.4 million, representing approximately 7.1% of revenue and a decrease of approximately 36.3% from approximately RMB273.6 million for the corresponding period in 2021; and revenue from developer-related value-added services was approximately RMB274.3 million, representing approximately 11.1% of revenue and a decrease of approximately 29.8% from approximately RMB390.7 million for the corresponding period in 2021.

For the six months ended 30 June 2022, gross profit of the Group reached approximately RMB716.1 million, representing an increase of approximately 24.6% as compared with approximately RMB574.6 million for the corresponding period in 2021; gross profit margin decreased by 1.6 percentage points to approximately 29.0% from 30.6% for the corresponding period in 2021, which was mainly due to (i) the increase in the gross floor area (the “GFA”) under management from non-residential projects, (ii) the increase in the costs of services during the pandemic, and (iii) the rapid growth of revenue from catering services resulting in the decrease of gross profit margin for community-related value-added services; and the core net profit attributable to the equity holders of the Company (excluding fair value gains and losses and impairment losses of the USD bonds of listed companies in which the Company has invested, and interest income from wealth management products) (the “**Owners’ Core Net Profit**”) reached approximately RMB360.3 million, representing an increase of approximately 30.1% as compared with approximately RMB276.9 million for the corresponding period in 2021.

As at 30 June 2022, the GFA under management of the Group was approximately 172.2 million sq.m., representing a net increase of approximately 18.7 million sq.m. as compared to the end of 2021, of which the area attributable to third parties of the Group was approximately 50.9% as at 30 June 2022; the contracted GFA of the Group was approximately 297.0 million sq.m., representing a net increase of approximately 18.2 million sq.m as compared to the end of 2021, of which the area attributable to third parties of the Group was approximately 44.0% as at 30 June 2022.

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 2022, together with the comparative figures for the corresponding period of 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
	<i>Note</i>	2022	2021
		Unaudited	Unaudited
		RMB'000	RMB'000
Revenue	5	2,465,961	1,876,950
Cost of sales and services	5, 6	(1,749,832)	(1,302,301)
Gross profit		716,129	574,649
Selling and marketing expenses	6	(29,168)	(15,311)
Administrative expenses	6	(208,839)	(169,743)
Net impairment losses on financial assets		(71,378)	(43,588)
Other income	7	44,874	38,734
Other expenses		(2,422)	(895)
Other losses — net	8	(120,476)	(17,642)
Operating profit		328,720	366,204
Finance income		13,927	14,371
Finance costs		(403)	(127)
Finance income — net	9	13,524	14,244
Profit before income tax		342,244	380,448
Income tax expense	10	(84,545)	(76,370)
Profit for the period		257,699	304,078

		Six months ended 30 June	
	<i>Note</i>	2022	2021
		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		(26,791)	—
Credit loss of debt instruments at fair value through other comprehensive income		<u>16,600</u>	—
Other comprehensive income for the period		<u>(10,191)</u>	—
Total comprehensive income for the period		<u><u>247,508</u></u>	<u><u>304,078</u></u>
Profit for the period is attributable to:			
– Owners of the Company		225,816	286,417
– Non-controlling interests		<u>31,883</u>	<u>17,661</u>
		<u><u>257,699</u></u>	<u><u>304,078</u></u>
Total comprehensive income for the period is attributable to:			
– Owners of the Company		215,625	286,417
– Non-controlling interests		<u>31,883</u>	<u>17,661</u>
		<u><u>247,508</u></u>	<u><u>304,078</u></u>
Earnings per share (expressed in RMB per share)			
– Basic earnings per share	11(a)	<u><u>0.26</u></u>	<u><u>0.34</u></u>
– Diluted earnings per share	11(b)	<u><u>0.26</u></u>	<u><u>0.34</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	As at 30 June 2022 Unaudited <i>RMB'000</i>	As at 31 December 2021 Audited <i>RMB'000</i>
Assets			
Non-current assets			
Property, plant and equipment		59,143	58,890
Right-of-use assets		21,323	19,722
Intangible assets	12	755,331	728,325
Investments in an associate		3,829	4,000
Deferred tax assets		52,816	54,509
Deposits	14	—	1,944
Financial assets at fair value through profit or loss		237,938	205,873
Total non-current assets		1,130,380	1,073,263
Current assets			
Inventories		38,735	28,301
Contract assets		326,143	289,495
Financial assets at fair value through other comprehensive income		12,618	52,390
Financial assets at fair value through profit or loss		233,314	245,032
Trade receivables	13	1,119,069	622,758
Prepayments, deposits and other receivables	14	898,988	594,304
Cash and cash equivalents		1,831,154	2,504,102
Total current assets		4,460,021	4,336,382
Total assets		5,590,401	5,409,645

	<i>Note</i>	As at 30 June 2022 Unaudited RMB'000	As at 31 December 2021 Audited RMB'000
Equity			
Equity attributable to owners of the Company			
Share capital	15	59,930	59,900
Reserves		2,308,788	2,224,020
		2,368,718	2,283,920
Non-controlling interests		275,170	240,712
Total equity		2,643,888	2,524,632
Liabilities			
Non-current liabilities			
Lease liabilities		9,362	11,310
Provisions		1,273	2,064
Trade and other payables	17	77,136	92,857
Deferred tax liabilities		105,162	97,375
Total non-current liabilities		192,933	203,606
Current liabilities			
Lease liabilities		3,035	3,129
Borrowings		5,317	—
Contract liabilities		778,460	776,038
Trade and other payables	17	1,686,790	1,729,360
Current income tax liabilities		121,280	147,587
Dividend payable	16	158,698	25,293
Total current liabilities		2,753,580	2,681,407
Total liabilities		2,946,513	2,885,013
Total equity and liabilities		5,590,401	5,409,645
Net current assets		1,706,441	1,654,975

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

S-Enjoy Service Group Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law (Cap.22, law 3 of 1961 as consolidated and revised) of the Cayman Islands. 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.

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 were approved and authorized for issue by the board of directors of the Company on 26 August 2022.

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 2022 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 2021 (“**2021 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 in the six months ended 30 June 2022, the accounting policies adopted are consistent with those of the 2021 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 in the six months ended 30 June 2022

- Property, Plant and Equipment: Proceeds before intended use — Amendments to HKAS 16
- Reference to the Conceptual Framework — Amendments to HKFRS 3
- Onerous Contracts — Cost of Fulfilling a Contract — Amendments to HKAS 37
- Annual Improvements to HKFRS 2018–2020

The adoption of the above new standard, amendments and interpretation starting from 1 January 2022 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 2022.

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 2022 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 statements 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 2022, the Group was principally engaged in the provision of property management services and value-added services, including developer-related value-added services, community-related value-added services and smart community 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 2022.

As at 30 June 2022 and 31 December 2021, 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 2022 and 2021 is as follows:

	Six months ended 30 June			
	2022		2021	
	Unaudited		Unaudited	
	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	1,392,613	995,617	919,700	635,436
Value-added services:				
– Developer-related value-added services	274,345	202,425	390,728	276,625
– Community-related value-added services	277,451	183,123	156,650	75,987
– Smart community services	174,426	146,311	273,613	229,753
	<u>2,118,835</u>	<u>1,527,476</u>	<u>1,740,691</u>	<u>1,217,801</u>
Revenue from customers recognised at a point of time				
Value-added services:				
– Community-related value-added services	347,126	222,356	136,259	84,500
	<u>2,465,961</u>	<u>1,749,832</u>	<u>1,876,950</u>	<u>1,302,301</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	
	2022	2021
	Unaudited	Unaudited
	RMB'000	RMB'000
Employee benefit expenses	803,337	625,608
Consumables and goods used	497,690	331,771
Outsourced security, greening and cleaning costs	487,804	355,259
Utilities	72,865	69,153
Depreciation and amortisation charges	38,129	16,138
Office expenses	18,324	11,797
Employee uniform and related expenses	11,793	5,623
Travelling expenses	11,326	19,492
Taxes and surcharges	7,273	10,725
Business entertainment expenses	6,528	7,015
Professional fees	5,357	15,765
Bank charges	2,701	3,700
Operating lease payments	2,516	279
Others	22,196	15,030
	<u>1,987,839</u>	<u>1,487,355</u>

7 OTHER INCOME

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	RMB'000
Government grants (<i>Note</i>)	19,900	12,002
Interest income derived from financial assets	18,598	18,242
Others	6,376	8,490
	<u>44,874</u>	<u>38,734</u>

Note: The government grants mainly represented financial support funds from local government without attached conditions.

8 OTHER LOSSES — NET

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	RMB'000
Net foreign exchange gains/(losses)	12,629	(10,643)
Net fair value losses on financial assets at fair value through profit or loss	(134,982)	(6,945)
Net gains/(losses) on disposal of property, plant and equipment	1,877	(54)
	<u>12,629</u>	<u>(10,643)</u>
	<u>(120,476)</u>	<u>(17,642)</u>

9 FINANCE INCOME

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	RMB'000
Finance income		
Interest income	<u>13,927</u>	<u>14,371</u>
Finance costs		
Interest expense on lease liabilities	<u>(403)</u>	<u>(127)</u>
Total finance income — net	<u>13,524</u>	<u>14,244</u>

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax		
– PRC Corporate income tax	79,602	64,865
Deferred income tax		
– PRC Corporate income tax	4,943	11,505
	<u>84,545</u>	<u>76,370</u>

(a) Cayman Island income tax

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

(b) British Virgin Islands income tax

British Virgin Islands (“BVI”) income tax under the current laws of BVI, our subsidiaries incorporated in 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 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 2022 and 2021.

(d) **PRC corporate income tax**

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

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

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

Jiangsu Ruohong Intelligent Technology Co., Ltd. is entitled to a preferential tax rate of 15% until 2023 as it achieved high-tech enterprise certificate.

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**”).

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. As at 30 June 2022, the Group accrued for PRC withholding tax with amounted at RMB25,889,000 (31 December 2021 RMB25,889,000) based on the tax rate of 10% on a portion of the earnings generated by its PRC entities. An assessable temporary difference exists, but aside from the balance of deferred tax liabilities in relation to withholding tax, no further deferred tax liability shall be recognised as the parent entity is able to control the timing of distributions of dividends from the PRC subsidiary and is not expected to distribute these profits in the foreseeable future.

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	
	2022	2021
	Unaudited	Unaudited
Earnings:		
Profit attributable to owners of the Company used in the basic earnings per share calculation (RMB'000)	225,816	286,417
Number of shares:		
Weighted average number of ordinary shares in issue during the period basic earnings per share calculation (in thousand)	853,651	838,971
Basic earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB)	<u>0.26</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	
	2022	2021
	Unaudited	Unaudited
Earnings:		
Profit attributable to owners of the Company used in the diluted earnings per share calculation (RMB'000)	225,816	286,417
Number of shares:		
Weighted average number of ordinary shares in issue during the period per share calculation (in thousand)	853,651	838,971
Add: numbers of dilutive shares (in thousand)	<u>4,257</u>	<u>11,658</u>
Weighted average number of ordinary shares in issue and potential ordinary shares used as the denominator in calculating diluted earnings per share (in thousand)	857,908	850,629
Diluted earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB)	<u>0.26</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 2022						
Cost	18,388	1,314	350,978	8,000	375,762	754,442
Accumulated amortisation	(5,832)	(53)	—	(889)	(19,343)	(26,117)
Net book amount	12,556	1,261	350,978	7,111	356,419	728,325
Six months ended						
30 June 2022						
Opening net book amount	12,556	1,261	350,978	7,111	356,419	728,325
Additions	11,827	—	—	—	—	11,827
Acquisition of a subsidiary (Note 18)	—	—	19,658	—	20,037	39,695
Amortisation	(1,460)	(4)	—	(533)	(22,519)	(24,516)
Closing net book amount	22,923	1,257	370,636	6,578	353,937	755,331
As at 30 June 2022						
Cost	30,215	1,314	370,636	8,000	395,799	805,964
Accumulated amortisation	(7,292)	(57)	—	(1,422)	(41,862)	(50,633)
Net book amount	22,923	1,257	370,636	6,578	353,937	755,331
(Unaudited)						
As at 1 January 2021						
Cost	11,878	84	104,086	8,000	80,984	205,032
Accumulated amortisation	(3,719)	(33)	—	(356)	(3,505)	(7,613)
Net book amount	8,159	51	104,086	7,644	77,479	197,419
Six months ended						
30 June 2021						
Opening net book amount	8,159	51	104,086	7,644	77,479	197,419
Additions	1,270	1,230	—	—	—	2,500
Acquisition of subsidiaries	—	—	39,576	—	15,600	55,176
Amortisation	(1,094)	(50)	—	(267)	(5,120)	(6,531)
Closing net book amount	8,335	1,231	143,662	7,377	87,959	248,564
As at 30 June 2021						
Cost	13,148	1,314	143,662	8,000	96,584	262,708
Accumulated amortisation	(4,813)	(83)	—	(623)	(8,625)	(14,144)
Net book amount	8,335	1,231	143,662	7,377	87,959	248,564

13 TRADE RECEIVABLES

	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Trade receivables (<i>Note (a)</i>)		
– Related parties	369,148	195,188
– Third parties	879,726	515,250
	<u>1,248,874</u>	710,438
Less: allowance for impairment of trade receivables	(129,805)	(87,680)
	<u>1,119,069</u>	<u>622,758</u>

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

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade receivables based on invoice date were as follows:

	30 June 2022 Unaudited RMB'000	31 December 2021 Audited RMB'000
Within 1 year	1,075,075	591,569
1 to 2 years	118,268	75,782
2 to 3 years	34,726	28,900
3 to 4 years	11,174	7,924
4 to 5 years	5,291	3,364
Over 5 years	4,340	2,899
	<u>1,248,874</u>	<u>710,438</u>

As at 30 June 2022 and 31 December 2021, 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 2022 and 31 December 2021, no trade receivables of the Group were pledged to secure borrowings granted to the Group.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022		31 December 2021	
	Unaudited RMB'000		Audited RMB'000	
	Current	Non-current	Current	Non-current
Prepayments				
– Utilities and outsourced services	92,183	—	71,620	—
– Consumables to be used in value-added services	39,680	—	22,091	—
Subtotal	131,863	—	93,711	—
Input VAT to be deducted	4,490	—	15,728	—
Deposits	559,270	—	399,292	1,970
Other receivables				
– Payments on behalf of property owners (<i>Note</i>)	211,759	—	88,032	—
– Others	27,002	—	19,808	—
Subtotal	238,761	—	107,840	—
Total	934,384	—	616,571	1,970
Less: allowance for impairment of other receivables and deposits	(35,396)	—	(22,267)	(26)
	898,988	—	594,304	1,944

Note: As at 30 June 2022 and 31 December 2021, the amounts represented the payments on behalf of property owners in respect of mainly utilities and elevator maintenance costs of the properties.

As at 30 June 2022 and 31 December 2021, prepayments, deposits and other receivables were denominated in RMB.

15 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 2022, the authorised share was 10,000,000,000 shares at par value of USD0.01.

Ordinary shares, issued and fully paid:

	Number of shares	USD'000	RMB'000
(Unaudited)			
As at 1 January 2022	870,134,000	8,701	59,900
Exercise of share option (<i>Note (a)</i>)	<u>470,000</u>	<u>5</u>	<u>30</u>
As at 30 June 2022	<u><u>870,604,000</u></u>	<u><u>8,706</u></u>	<u><u>59,930</u></u>

Note (a): During the six months ended 30 June 2022, several employees under 2019 share option scheme subscribed 470,000 shares in total with exercise price of HKD6.18 per share. The Company received the net proceeds from exercise approximately HKD2,904,600 (equivalent to approximately RMB2,360,385).

16 DIVIDENDS

	Six months ended 30 June 2022 Unaudited RMB'000	Year ended 31 December 2021 Audited RMB'000
Dividends declared by the Company (<i>Note (a)</i>)	134,944	239,819
Dividends declared by a subsidiary to non-controlling interests (<i>Note (b)</i>)	<u>129</u>	<u>3,103</u>
	<u><u>135,073</u></u>	<u><u>242,922</u></u>

The board of the Company did not recommend payment of any interim dividend for the six months ended 30 June 2022.

- (a) A final dividend in respect of 2021 of RMB0.155 per ordinary share, amounting to RMB134,944,000 was approved at the annual general meeting of the Company held on 28 June 2022. The dividend is reflected as an appropriation of share premium. As at 30 June 2022, the dividend had not been paid yet.
- (b) During the six months ended 30 June 2022, Chengyue Times, a subsidiary of the Company, declared dividends to non-controlling interests amounted to RMB129,000. As at 30 June 2022, the dividend had not been paid yet.

17 TRADE AND OTHER PAYABLES

	30 June 2022		31 December 2021	
	Unaudited RMB'000		Audited RMB'000	
	Current	Non-current	Current	Non-current
Trade payables (<i>Note (a)</i>)				
– Third parties	<u>512,990</u>	—	<u>536,875</u>	—
Other payables				
– Accrued expenses	<u>191,964</u>	—	<u>157,196</u>	—
– Amounts collected on behalf of property owners	<u>639,763</u>	—	<u>515,496</u>	—
– Consideration payables for acquisition of subsidiaries	<u>98,404</u>	<u>77,136</u>	<u>192,731</u>	<u>92,857</u>
– Others	<u>8,885</u>	—	<u>10,277</u>	—
	<u>939,016</u>	<u>77,136</u>	<u>875,700</u>	<u>92,857</u>
Accrued payroll	<u>149,239</u>	—	<u>232,566</u>	—
Other tax payables	<u>85,545</u>	—	<u>84,219</u>	—
	<u>1,686,790</u>	<u>77,136</u>	<u>1,729,360</u>	<u>92,857</u>

- (a) As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables based on invoice date were as follows:

	30 June	31 December
	2022	2021
	Unaudited	Audited
	RMB'000	RMB'000
Within 1 year	<u>501,844</u>	<u>517,139</u>
1 to 2 years	<u>9,428</u>	<u>17,999</u>
2 to 3 years	<u>883</u>	<u>814</u>
Over 3 years	<u>835</u>	<u>923</u>
	<u>512,990</u>	<u>536,875</u>

- (b) At 31 December 2021 and 30 June 2022, trade and other payables were denominated in RMB.

18 ACQUISITION OF SUBSIDIARIES (BUSINESS COMBINATION)

In March 2022, a subsidiary of the Company acquired 70% of the equity interest in Suzhou Health Catering Management Service Co., Ltd. (“**Suzhou Health**”) at a consideration of RMB26,341,461. Suzhou Health has been accounted for as a subsidiary of the Group since the acquisition date.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Unaudited RMB’000 Suzhou Health
Purchase consideration	26,341
Cash payment	
– Settled as at 30 June 2022	4,000
– Outstanding as at 30 June 2022	22,341
Total purchase consideration	<u>26,341</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

Cash and cash equivalents	103
Trade receivables	8,046
Prepayments, deposits and other receivables	1,597
Property, plant and equipment	631
Right-of-use assets	908
Intangible asset (<i>Note 12</i>)	20,037
Net deferred tax liabilities	(4,537)
Trade and other payables	(10,089)
Borrowings	(4,149)
Current income tax liabilities	(1,547)
Lease liabilities	(1,453)
	<u>9,547</u>
Less: non-controlling interest	(2,864)
Add: goodwill (<i>Note 12</i>)	<u>19,658</u>
	<u>26,341</u>

19 SUBSEQUENT EVENT

In July 2022, the Group entered into an equity acquisition agreement with Ms. Lv Jinyu, agreeing to acquire her 70% equity interests in Tianjin Jinyu Property Management Co., Ltd., which became a subsidiary of the Group since the acquisition date. Up to the date of approval of these consolidated interim financial statements by the Board of Directors, the initial accounting for such acquired subsidiary is incomplete and is still under review by the management and thus no relevant financial information is disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a fast-growing national property management service provider and has been ranked among the Leading Growth Enterprises of the Top 100 Property Management Service Providers in China selected by China Index Academy. At the same time, the Group ranked 11th among the Top 100 Property Management Service Providers in China in 2022. In the first half of 2022, the society operation and the economic development were still under the impact of the pandemic, and the real estate development industry is yet to be emerged from the gloom, both of which hindered the Group's business development to a certain extent. Fortunately, our staff worked hard and overcame all the difficulties. On the premises of ensuring the logistics and the daily life quality of our customers to the maximum extent, property management services and community-related value-added services, our two most important businesses, had developed steadily, and the Owners' Core Net Profit had a fairly good performance growth.

BUSINESS REVIEW

The Group's in-depth development of the "great community" + "great logistics" strategy proposed at the beginning of the year has entered the concrete implementation stage. With respect to the "great community", the Group continued to maintain its influence and service level in the residential-related market in the first half of 2022. Our frontline employees played an important role in the static management of Shanghai for more than two months, cooperating with primary-level governments to maintain the beautiful homes of the owners. At the same time, they also secured the basic living needs of the owners through our value-added service capabilities. In respect of the "great logistics", the Group underwent rapid development in the comprehensive logistics service of the non-residential sectors, especially in the healthcare sector. In the first half of 2022, we facilitated the merger and acquisition of Tianjin Jin Yu Property Management Co., Ltd.* (天津市金玉物業管理有限公司) ("**Tianjin Jin Yu Property**"), which is a property management enterprise with an excellent track record in hospital services, and manages a number of large scale general hospitals in Tianjin. After the completion of merger and acquisition, the Group's market reputation in the area of healthcare comprehensive logistics services have been further enhanced, and its service capability for healthcare institutions and business expansion capability have also been further strengthened. In addition to the healthcare sector, our logistics service contracts in the business & administrations sectors and education sectors have also continued to grow. The annualized contract value of the contracted logistic services exceeded RMB1 billion in terms of the three sectors covering the healthcare, business & administrations and education sectors.

In the first half of 2022, the Group's revenue reached approximately RMB2,466.0 million, representing a year-on-year increase of approximately 31.4%, mainly driven by a year-on-year increase of approximately 51.4% in revenue from property management services to approximately RMB1,392.6 million and a year-on-year increase of approximately 113.2% in revenue from community-related value-added services to approximately RMB624.6 million. In the first half of 2022, the net profit attributable to equity shareholders of the Group reached approximately RMB225.8 million, a year-on-year decrease of approximately 21.2%, and the Owners' Core Net Profit had a year-on-year increase of approximately 30.1%. During the period, the fluctuation in the USD bond market continued, and the price of the real estate USD bonds invested by the Group continued to be affected accordingly, resulting in a loss of approximately RMB151.5 million.

In terms of property management services, in the first half of 2022, the Group's revenue from property management services reached approximately RMB1,392.6 million, representing a year-on-year increase of approximately 51.4%. As at 30 June 2022, the Company had a total GFA under management of approximately 172.2 million sq.m., a net increase of approximately 18.7 million sq.m. from the end of 2021, and a total contracted GFA of approximately 297.0 million sq.m., a net increase of approximately 18.2 million sq.m. from the end of 2021.

In terms of community-related value-added services, in the first half of 2022, the Group's revenue from community-related value-added services amounted to approximately RMB624.6 million, representing a year-on-year increase of approximately 113.2% and accounting for approximately 25.3% of the Company's total revenue; the gross profit of the business segment reached approximately RMB219.1 million, accounting for approximately 30.6% of the Company's total gross profit. Community-related value-added services was undoubtedly our second largest business segment. The rapid growth of revenue and gross profit from community-related value-added services was mainly driven by: 1) smooth operation of the catering service business. In 2022, the Company expanded its presence in projects including Fudan University's north graduate canteen, Tongji University's Beiyuan canteen, Shanghai University Yanchang Campus's canteen with over 130 projects currently under management, representing a year-on-year growth of approximately 252.9% for revenue from catering services as compared to that of the corresponding period of 2021. In the first half of the year, the Group completed the acquisition of Suzhou Health Catering Management Service Co., Ltd., which strengthened the Group's catering service capability in the factory business and extended the regional coverage of catering services, enabling it to provide services for Suzhou and other cities in Jiangsu Province; 2) the rapid growth in the number of elevators managed by the Company under its facility management services (mainly elevator maintenance and repairs services), which was nearly 30,000 units as at 30 June 2022; and 3) the rapid development of the community life service segment.

In terms of other value-added services, the revenue of the Group's services related to real estate development recorded a year-on-year decrease due to the overall impact of the real estate industry. Particularly, the revenue from smart community services for the first half of 2022 reached approximately RMB174.4 million, representing a year-on-year decrease of approximately 36.3%, and the revenue from developer-related value-added services for the first half of 2022 reached approximately RMB274.3 million, representing a year-on-year decrease of approximately 29.8%.

PROSPECTS

The Group will adhere to the development strategy of “great community” + “great logistics” and continue to explore the potential of value-added services. With respect to the “great community” sector, we will continue to provide individual customers (focusing on residential sectors) with property management services, convenient retail services, asset management services, courier lockers services and other community living and ancillary services, and provide property owners with cost-effective products and services to continuously enhance owners' experience and satisfaction. In terms of the “great logistics” sector, we will continue to provide business customers (focusing on non-residential sectors) with property management service, catering services, facilities and equipment services, smart services, courier lockers and charging station services and other comprehensive logistics services to improve the efficiency of business customers in managing non-principal business.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the revenue of the Group was approximately RMB2,466.0 million, representing an increase of approximately 31.4% from approximately RMB1,877.0 million for the corresponding period in 2021.

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

	For the six months ended 30 June		
	2022	2021	Growth rate
	<i>RMB'000</i>	<i>RMB'000</i>	%
Revenue			
Property management services	1,392,613	919,700	51.4
Community-related value-added services	624,577	292,909	113.2
Smart community services	174,426	273,613	-36.3
Developer-related value-added services	274,345	390,728	-29.8
Total	<u>2,465,961</u>	<u>1,876,950</u>	<u>31.4</u>

- ***Property management services***

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

For the six months ended 30 June 2022, revenue from property management services of the Group was approximately RMB1,392.6 million, accounting for approximately 56.5% of the total revenue, representing an increase of approximately 51.4% as compared with RMB919.7 million for the corresponding period in 2021. As at 30 June 2022, the GFA under management of the Group was approximately 172.2 million sq.m., representing a net increase of approximately 18.7 million sq.m. from approximately 153.5 million sq.m. as at the end of 2021. The GFA under management from third parties of the Group accounted for approximately 50.9%, representing an increase of approximately 3.4 percentage points from that as at the end of 2021. During the period, the Group continued to enhance its service and expansion ability in non-residential segments through various channels. As at 30 June 2022, the Group's non-residential projects accounted for approximately 24.2% of the GFA under management.

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

	As at 30 June 2022				As at 31 December 2021	
	GFA under management <i>thousand sq.m.</i>	Area proportion %	Net increase <i>thousand sq.m.</i>	Growth rate %	GFA under management <i>thousand sq.m.</i>	Area proportion %
Seazen Group	84,580	49.1	3,976	4.9	80,604	52.5
Third parties	87,623	50.9	14,696	20.2	72,927	47.5
Total	<u>172,203</u>	<u>100.0</u>	<u>18,672</u>	<u>12.2</u>	<u>153,531</u>	<u>100.0</u>

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

	For the six months ended 30 June	
	2022 GFA under management <i>thousand sq.m.</i>	2021 GFA under management <i>thousand sq.m.</i>
At beginning of period	153,531	101,415
Handover	18,779	22,744
Including		
<i>Handover — Seazen Group</i>	3,976	9,948
<i>Handover — third parties</i>	14,803	12,796
Termination	107	1,783
At end of period	<u>172,203</u>	<u>122,376</u>

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

	As at 30 June 2022				As at 31 December 2021	
	GFA under management	Area proportion	Net increase	Growth rate	GFA under management	Area proportion
	<i>thousand sq.m.</i>	<i>%</i>	<i>thousand sq.m.</i>	<i>%</i>	<i>thousand sq.m.</i>	<i>%</i>
Residential sector	130,545	75.8	6,035	4.8	124,510	81.1
Non-residential sector	41,658	24.2	12,637	43.5	29,021	18.9
Total	<u>172,203</u>	<u>100.0</u>	<u>18,672</u>	<u>12.2</u>	<u>153,531</u>	<u>100.0</u>

The Group has entered into property management contracts with 1,444 projects in 187 cities with a contracted GFA of approximately 297.0 million sq.m., representing a net increase of approximately 18.2 million sq.m. from the end of 2021, among which the contracted GFA from third parties accounted for approximately 44.0%, representing an increase of approximately 3.6 percentage points from the end of 2021. We stay proactive in the expansion of third party projects and accomplished a total of over 19.6 million sq.m. of the contracted GFA expansion of third party projects in the first half of 2022, covering residences, hospitals, corporate office buildings, industrial parks and shopping malls, etc..

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

	As at 30 June 2022				As at 31 December 2021	
	Contracted GFA	Area proportion	Net increase	Growth rate	Contracted GFA	Area proportion
	<i>thousand sq.m.</i>	<i>%</i>	<i>thousand sq.m.</i>	<i>%</i>	<i>thousand sq.m.</i>	<i>%</i>
Seazen Group	166,415	56.0	169	0.1	166,246	59.6
Third parties	130,624	44.0	18,024	16.0	112,600	40.4
Total	<u>297,039</u>	<u>100.0</u>	<u>18,193</u>	<u>6.5</u>	<u>278,846</u>	<u>100.0</u>

The following table sets forth the sectors in respect of the contracted GFA of the Group:

	As at 30 June 2022				As at 31 December 2021	
	Contracted GFA <i>thousand sq.m.</i>	Area proportion %	Net increase <i>thousand sq.m.</i>	Growth rate %	Contracted GFA <i>thousand sq.m.</i>	Area proportion %
Residential sector	250,205	84.2	4,753	1.9	245,452	88.0
Non-residential sector	46,834	15.8	13,440	40.2	33,394	12.0
Total	<u>297,039</u>	<u>100.0</u>	<u>18,193</u>	<u>6.5</u>	<u>278,846</u>	<u>100.0</u>

- ***Community-related value-added service***

We render public resources management services, extensive decoration services, asset management services, catering services, facility management services and various other home living services 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 2022, the revenue for community-related value-added services continued to maintain a rapid growth. For the six months ended 30 June 2022, revenue from community-related value-added services amounted to approximately RMB624.6 million, accounting for approximately 25.3% of the total revenue of the Group, representing an increase of approximately 113.2% as compared to approximately RMB292.9 million for the corresponding period in 2021. During the period, revenue from catering services of the Group was approximately RMB143.0 million, representing a year-on-year increase of approximately 252.9%; revenue related to facility management services was approximately RMB106.2 million, representing a year-on-year increase of approximately 87.1%; revenue from community life services was approximately RMB123.4 million, representing a year-on-year increase of approximately 115.7%.

- ***Smart community services***

Smart community services mainly provide one-stop smart solutions for various projects, covering residential properties, office buildings and complexes. During the period, revenue from smart community services of the Group was approximately RMB174.4 million, representing a decrease of approximately 36.3% as compared with the corresponding period in 2021, accounting for approximately 7.1% of the total revenue of the Group.

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

We mainly provide three types of developer-related value-added services, namely on-site sale assistance services, consulting services and house inspection services. During the period, revenue from developer-related value-added services was approximately RMB274.3 million, representing a decrease of approximately 29.8% as compared with the corresponding period in 2021, accounting for approximately 11.1% of the total revenue of the Group.

Cost of Sales

During the period, the cost of sales of the Group was approximately RMB1,749.8 million, representing an increase of approximately 34.4% as compared to approximately RMB1,302.3 million for the corresponding period in 2021. The increase in cost of sales was mainly due to the rapid growth of the business scale of the Group.

Gross Profit and Gross Profit Margin

	For the six months ended 30 June 2022				For the six months ended 30 June 2021		
	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	396,996	28.5	55.5	-2.4	284,264	30.9	49.5
Community-related value-added services	219,098	35.1	30.6	-10.1	132,422	45.2	23.0
Smart community services	28,115	16.1	3.9	0.1	43,860	16.0	7.6
Developer-related value-added services	71,920	26.2	10.0	-3.0	114,103	29.2	19.9
Total	716,129	29.0	100.0	-1.6	574,649	30.6	100.0

The Group recorded a gross profit of approximately RMB716.1 million for the six months ended 30 June 2022, representing an increase of approximately 24.6% as compared to approximately RMB574.6 million for the corresponding period in 2021. Gross profit margin was 29.0%, representing a decrease of 1.6 percentage points as compared to 30.6% for the corresponding period in 2021.

Gross profit of property management services was approximately RMB397.0 million, representing an increase of approximately 39.7% as compared to approximately RMB284.3 million for the corresponding period in 2021, and gross profit margin was 28.5%, representing a decrease of 2.4 percentage points as compared with 30.9% for the corresponding period in 2021. The decrease was mainly due to (i) the increase in the GFA under management from non-residential projects; and (ii) the increase in the costs of services during the pandemic.

Gross profit of community-related value-added services was approximately RMB219.1 million, representing an increase of approximately 65.5% as compared to approximately RMB132.4 million for the corresponding period in 2021, and gross profit margin was 35.1%, representing a decrease of 10.1 percentage points as compared with 45.2% for the corresponding period in 2021, which was mainly due to the lower gross profit margin of catering services than the overall gross profit margin of community-related value-added services and the revenue from it increased rapidly during the period.

Gross profit of smart community services was approximately RMB28.1 million, representing a decrease of 35.9% as compared to approximately RMB43.9 million for the corresponding period in 2021. The decrease was mainly due to the overall industry of developers. Gross profit margin was 16.1%.

Gross profit of developer-related value-added services was approximately RMB71.9 million, representing a decrease of approximately 37.0% as compared to approximately RMB114.1 million for the corresponding period in 2021. The decrease was mainly due to the overall industry of developers. Gross profit margin was 26.2%.

Administrative Expenses

Administrative expenses were approximately RMB208.8 million, representing an increase of approximately 23.0% as compared to approximately RMB169.7 million for the corresponding period in 2021. The increase in administrative expenses was mainly due to: (i) the rapid growth of the scale of the Group; and (ii) reserve of talents for the rapid development of the great logistics business.

Other Gains/(Losses)

During the period, other losses of the Group amounted to approximately RMB120.5 million as compared with losses of approximately RMB17.6 million for the corresponding period in 2021. The loss was mainly due to the change in fair value of the USD bonds of listed companies held by the Company.

Income Tax Expense

During the period, income tax amounted to approximately RMB84.5 million, representing an increase of approximately 10.7% as compared to approximately RMB76.4 million for the corresponding period in 2021. The tax rate was approximately 24.7%, which was higher as compared to approximately 20.1% for the corresponding period in 2021.

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 2022, the Group did not make provision for Hong Kong profits tax accordingly.

Profit for the Period

Profit for the period of the Group was approximately RMB257.7 million, representing a decrease of approximately 15.3% from approximately RMB304.1 million for the corresponding period in 2021; profit attributable to owners of the Company was approximately RMB225.8 million, representing a decrease of approximately 21.2% as compared to that for the corresponding period in 2021; and net profit margin was approximately 10.5%, representing a year-on-year decrease of 5.7 percentage points.

Gearing Ratio

Our gearing ratio was calculated based on total borrowings divided by total equity as of the respective date. As at 30 June 2022, our gearing ratio is 0.2% (as at 31 December 2021: 0%).

MATERIAL ACQUISITION AND DISPOSAL

Significant Investments

As at 30 June 2022, the Group held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income of approximately RMB471.3 million and approximately RMB12.6 million respectively, accounting for approximately 8.6% in aggregate of the total assets of the Group as at 30 June 2022. Such financial assets mainly include investments in various wealth management products of licensed banks and unlisted trust plans, 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 2022, the Group did not hold any significant investments. As at 30 June 2022, the Company has no plans for any significant investments in the future.

Financial assets at fair value through profit or loss held by the Group as at 30 June 2022

	As at 30 June 2022		For the six months ended 30 June 2022	
	Fair value <i>RMB'000</i>	Approximate percentage of the total assets of the Group %	Fair value gains/(losses) through profit or loss <i>RMB'000</i>	Other income <i>RMB'000</i>
Financial assets at fair value through profit or loss				
Wealth management products	152,348	2.7%	(83)	—
Trust products	79,624	1.4%	—	1,297
Listed bonds denominated in US Dollars	76,965	1.4%	(134,899)	7,009
Investments in preferred shares and debts of unlisted companies	162,315	2.9%	—	5,148
Total	<u>471,252</u>	<u>8.4%</u>	<u>(134,982)</u>	<u>13,454</u>

	As at 30 June 2022		For the six months ended 30 June 2022	
	Fair value <i>RMB'000</i>	Approximate percentage of the total assets of the Group %	Accrued expected credit impairment loss <i>RMB'000</i>	Other income <i>RMB'000</i>
Financial assets at fair value through other comprehensive income				
Listed bonds denominated in US Dollars	<u>12,618</u>	<u>0.2%</u>	<u>(16,600)</u>	<u>5,144</u>

Due to higher price fluctuations, fair value losses and accrued expected credit impairment losses were recognised by the Company for the six months ended 30 June 2022. The Directors will continuously monitor the price movements and make fair value adjustments accordingly.

PLEDGE OF ASSETS

As at 30 June 2022, the Group did not pledge any assets.

FOREIGN EXCHANGE RISK

As at 30 June 2022, the cash balances held by the Group are as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
USD	138,573	16,879
RMB	1,671,752	2,427,371
HKD	20,829	59,852
Total	<u>1,831,154</u>	<u>2,504,102</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.

SUBSEQUENT EVENT

In July 2022, the Group entered into an equity acquisition agreement with Ms. Lv Jinyu* (吕金玉) (“Ms. Lv”), agreeing to acquire 70% equity interests of Tianjin Jin Yu Property from Ms. Lv. Tianjin Jin Yu Property became a subsidiary of the Group since the acquisition date. As at the date of this announcement, the initial accounting for such acquired subsidiary is incomplete and is still under review by the management and thus no relevant financial information is disclosed.

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). As at 30 June 2022, the Company has utilised the net proceeds in accordance with the plans as disclosed in the announcement of the Company dated 17 March 2021, the particulars of which are as follows:

Item	Percentage	Net proceeds (RMB million)		Unused	Expected time of using unused proceeds
		Available	Used		
Acquisition of property management companies	60%	518.6	314.5	204.1	On or before 31 December 2023
Acquisition of downstream companies that are complementary to the Company’s community-related value-added service business	30%	259.3	183.1	76.2	On or before 31 December 2023
Upgrade information technology infrastructure	10%	86.4	54.6	31.8	On or before 31 December 2023

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2022.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company (the “**Shareholders**”) 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 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 herein, the Company has complied with all applicable code provisions as set out in the CG Code during the six months ended 30 June 2022. 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 10 to the Listing Rules as a code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all 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 2022.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2022.

SHARE OPTIONS

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 2022, the Company did not grant any share options 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 share awards 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 award shares 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.

The Share Award Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. During the six months ended 30 June 2022, the Company granted a total of 5,030,000 award shares to certain employees in recognition of their contributions to the Group under the Share Award Scheme. For further details, please refer to the announcement of the Company dated 28 March 2022.

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 interim results of the Group for the six months ended 30 June 2022.

PUBLICATION OF INTERIM RESULTS AND 2022 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 2022 interim report of the Company containing all information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 26 August 2022

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

* *For identification purpose only*