

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



S-Enjoy Service Group Co., Limited

新城悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1755)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS HIGHLIGHTS

In 2022, the revenue of the Group amounted to approximately RMB5,179.6 million, representing an increase of approximately 19.1% as compared to approximately RMB4,350.7 million for the corresponding period in 2021.

Among all business segments of the Group, the revenues from property management services and community-related value-added services maintained sound growth. The revenue from property management services amounted to approximately RMB3,024.9 million, representing an increase of approximately 44.0% as compared to approximately RMB2,100.2 million for the corresponding period in 2021, accounting for approximately 58.4% of the total revenue; the revenue from community-related value-added services amounted to approximately RMB1,284.5 million, representing an increase of approximately 40.3% as compared to approximately RMB915.6 million for the corresponding period in 2021, accounting for approximately 24.8% of the total revenue.

The gross profit of the Group amounted to approximately RMB1,338.1 million, representing a decrease of approximately 0.3% as compared to approximately RMB1,341.5 million for the corresponding period in 2021; the gross profit margin of the Group was approximately 25.8%, representing a decrease as compared to the corresponding period in 2021, which was due to the increase in the cost of services and the change in business structure during the pandemic; and the net profit attributable to equity holders of the Company was approximately RMB423.5 million, representing a decrease of approximately 19.4% as compared to approximately RMB525.5 million for the corresponding period in 2021, which was mainly due to the decrease in demand of property management related business demands of developers as a result of the weak property market in China during the year.

As at 31 December 2022, the gross floor area (the “**GFA**”) under management of the Group was approximately 198.3 million sq.m., representing a net increase of approximately 44.7 million sq.m. or approximately 29.1% as compared to the end of 2021, of which the area attributable to third parties accounted for approximately 51.9%; the contracted GFA of the Group was approximately 312.7 million sq.m., representing a net increase of approximately 33.9 million sq.m. or 12.2% as compared to the end of 2021, of which the area attributable to third parties was approximately 46.7%.

The Board recommends a final dividend of RMB0.16 per ordinary share of the Company for the year ended 31 December 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of S-Enjoy Service Group Co., Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Note</i>	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	4	5,179,553	4,350,735
Cost of sales and services		<u>(3,841,413)</u>	<u>(3,009,188)</u>
Gross profit		1,338,140	1,341,547
Selling and marketing expenses	5	(92,137)	(34,035)
Administrative expenses	5	(480,952)	(424,035)
Net impairment losses on financial and contract assets		(145,432)	(111,232)
Other income	6	97,141	80,606
Other expenses		(11,129)	(4,377)
Other losses — net		<u>(103,687)</u>	<u>(135,763)</u>
Operating profit		601,944	712,711
Finance income		26,372	29,302
Finance costs		<u>(925)</u>	<u>(337)</u>
Finance income — net	7	<u>25,447</u>	<u>28,965</u>

	<i>Note</i>	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Share of net loss of associates accounted for using the equity method		(407)	—
Profit before income tax		626,984	741,676
Income tax expense	8	(152,237)	(182,947)
Profit for the year		474,747	558,729
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		(46,394)	(75,444)
Credit loss of debt instruments at fair value through other comprehensive income		49,889	71,949
Other comprehensive gain/(loss) for the year		3,495	(3,495)
Total comprehensive income		478,242	555,234
Profit is attributable to :			
— Owners of the Company		423,476	525,455
— Non-controlling interests		51,271	33,274
		474,747	558,729
Total comprehensive income is attributable to :			
— Owners of the Company		426,971	521,960
— Non-controlling interests		51,271	33,274
		478,242	555,234
Earnings per share (expressed in RMB)			
— Basic earnings per share	9	0.50	0.62
— Diluted earnings per share	9	0.50	0.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment		83,039	58,890
Right-of-use assets		19,287	19,722
Intangible assets		885,170	728,325
Investments in associates		4,733	4,000
Deferred income tax assets		88,718	54,509
Deposits	11	—	1,944
Financial assets at fair value through profit or loss		370,689	205,873
Total non-current assets		1,451,636	1,073,263
Current assets			
Inventories		44,230	28,301
Contract assets		292,740	289,495
Financial assets at fair value through other comprehensive income		5,996	52,390
Financial assets at fair value through profit or loss		80,636	245,032
Trade receivables	10	1,292,257	622,758
Prepayments, deposits and other receivables	11	1,009,456	594,304
Cash and cash equivalents	12	1,973,696	2,504,102
Total current assets		4,699,011	4,336,382
Total assets		6,150,647	5,409,645
Equity			
Equity attributable to owners of the Company			
Share capital	13	59,973	59,900
Reserves		2,529,505	2,224,020
		2,589,478	2,283,920
Non-controlling interests		319,045	240,712
Total equity		2,908,523	2,524,632

	<i>Note</i>	As at 31 December 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		9,521	11,310
Provisions		3,102	2,064
Trade and other payables	14	105,398	92,857
Deferred tax liabilities		114,764	97,375
		<u>232,785</u>	<u>203,606</u>
Total non-current liabilities			
Current liabilities			
Lease liabilities		6,736	3,129
Borrowings		2,265	—
Contract liabilities		747,899	776,038
Dividend payable		22,526	25,293
Trade and other payables	14	2,043,283	1,729,360
Current income tax liabilities		186,630	147,587
		<u>3,009,339</u>	<u>2,681,407</u>
Total current liabilities			
		<u>3,242,124</u>	<u>2,885,013</u>
Total liabilities			
		<u>6,150,647</u>	<u>5,409,645</u>
Total equity and liabilities			
		<u>1,689,672</u>	<u>1,654,975</u>
Net current assets			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 GENERAL INFORMATION

S-Enjoy Service Group Co., Limited (formerly known as “**Xinchengyue Holdings Limited**”, hereinafter referred to as the “**Company**”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law (Cap.22, law 3 of 1961 as consolidated and revised) of the Cayman Islands and listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 6 November 2018. The address of the Company’s registered office is PO Box 309, 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 related value-added services in the People’s Republic of China (the “**PRC**”). The ultimate controlling company is Infinity Fortune Development Limited. The ultimate controlling shareholder of the Group is Mr. Wang Zhenhua (“**Mr. Wang**” or the “**Ultimate Controlling Shareholder**”).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(i) *Compliance with HKFRSs and HKCO*

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) *Historical cost convention*

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

(iii) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before intended use — Amendments to HKAS 16
- Reference to the Conceptual Framework — Amendments to HKFRS 3
- Annual Improvements to HKFRS 2018–2020
- Onerous Contracts — Cost of Fulfilling a Contract — Amendments to HKAS 37
- Amendments to AG 5 Merger Accounting for Common Control Combinations

The Group also elected to adopt the following amendments early:

Deferred Tax related to Assets and Liabilities arising from a Single Transaction — amendments to HKAS 12

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 twelve months ended 31 December 2022.

(iv) *New standards and interpretations not yet adopted*

Certain new accounting standard amendments and interpretations have been published that are not mandatory for the year ended 31 December 2022 and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

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

For the year ended 31 December 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 year ended 31 December 2022.

As at 31 December 2022 and 2021, all of the non-current assets of the Group were located in the PRC excluding financial instruments and deferred tax assets.

4 REVENUE AND COST OF SALES AND SERVICES

Revenue mainly comprises of proceeds from property management services and value-added services. An analysis of the Group's revenue and cost of sales and services by category for the years ended 31 December 2022 and 2021 is as follows:

	For the year ended 31 December			
	2022		2021	
	RMB'000		RMB'000	
	Revenue	Cost of sales and services	Revenue	Cost of sales and services
Revenue from customers and recognised over time:				
Property management services	3,024,934	2,285,035	2,100,212	1,468,342
Value added services:				
— Developer-related value-added services	519,518	391,976	815,257	579,241
— Community-related value-added services	821,869	581,580	435,055	267,207
— Smart community services	350,552	293,973	519,663	433,807
	<u>4,716,873</u>	<u>3,552,564</u>	<u>3,870,187</u>	<u>2,748,597</u>
Revenue from customers recognised at a point in time				
Value added services:				
— Community-related value-added services	462,680	288,849	480,548	260,591
	<u>5,179,553</u>	<u>3,841,413</u>	<u>4,350,735</u>	<u>3,009,188</u>

5 EXPENSES BY NATURE

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Employee benefit expenses	1,940,208	1,357,714
Consumables and goods used	973,361	863,255
Outsourced security, greening and cleaning costs	952,187	912,077
Utilities	209,947	119,305
Depreciation and amortisation charges	90,774	32,974
Office expenses	76,979	45,264
Travelling expenses	58,018	44,065
Employee uniform and related expenses	26,053	16,934
Professional fees	19,592	17,948
Business entertainment expenses	22,165	15,527
Taxes and surcharges	18,080	22,411
Bank charges	7,975	10,663
Impairment of goodwill	5,404	—
Auditor's remuneration	3,000	3,161
<i>Including: audit services</i>	2,900	2,900
<i>non-audit services</i>	100	261
Advertising and promotion expenses	2,228	2,556
Operating lease payments	2,715	502
Others	5,816	2,902
	4,414,502	3,467,258

6 OTHER INCOME

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest income from financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	40,451	49,150
Government grants	49,669	23,925
Others	7,021	7,531
	97,141	80,606

7 FINANCE INCOME — NET

	For the year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on cash and cash equivalents	26,372	29,302
Interest and finance charges paid/payable for lease liabilities	(925)	(337)
	<u>25,447</u>	<u>28,965</u>

8 INCOME TAX EXPENSE

	For the year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
— PRC corporate income tax	198,054	195,584
Deferred income tax		
— PRC corporate income tax	(45,817)	(12,637)
	<u>152,237</u>	<u>182,947</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

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

(c) Hong Kong 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 year ended 31 December 2022 (2021: nil).

(d) PRC corporate income tax

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

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

Chengyue Times Co., Ltd. and Xinchengyue (Chengdu) Property Management Co., Ltd. and Guizhou Bajie Property Management Co., Ltd 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**”).

9 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

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

	For the year ended 31 December	
	2022	2021
Earnings:		
Profit attributable to owners of the Company used in the basic earnings per share calculation (<i>RMB'000</i>)	423,476	525,455
Number of shares:		
Weighted average number of ordinary shares in issue during the year per share calculation (<i>in thousand</i>)	853,644	847,729
Basic earnings per share for profit attributable to the owners of the Company during the year (<i>expressed in RMB</i>)	<u>0.50</u>	<u>0.62</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 has one category of dilutive potential ordinary shares: share options. The share options are assumed to have been converted into ordinary shares.

	For the year ended 31 December	
	2022	2021
Earnings:		
Profit attributable to owners of the Company used in the diluted earnings per share calculation (<i>RMB'000</i>)	423,476	525,455
Number of shares:		
Weighted average number of ordinary shares in issue during the year per share calculation (<i>in thousand</i>)	853,644	847,729
Add: share options (<i>in thousand</i>)	2,533	6,497
Weighted average number of ordinary shares in issue and potential ordinary shares used as the denominator in calculating diluted earnings per share (<i>in thousand</i>)	856,177	854,226
Diluted earnings per share for profit attributable to the owners of the Company during the year (<i>expressed in RMB</i>)	0.50	0.62

10 TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables (<i>Note (a)</i>)		
— Related parties	564,281	195,188
— Third parties	864,348	515,250
	1,428,629	710,438
Less: allowance for impairment of trade receivables	(136,372)	(87,680)
	1,292,257	622,758

- (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 31 December 2022 and 2021, the ageing analysis of the trade receivables based on invoice date are as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,192,582	591,569
1 to 2 years	129,723	75,782
2 to 3 years	69,278	28,900
3 to 4 years	26,325	7,924
4 to 5 years	7,495	3,364
Over 5 years	3,226	2,899
	<u>1,428,629</u>	<u>710,438</u>

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

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			
	2022		2021	
	RMB'000		RMB'000	
	Current	Non-current	Current	Non-current
Prepayments				
— Utilities and outsourced services	127,471	—	71,620	—
— Consumables to be used in value-added services	28,752	—	22,091	—
Subtotal	156,223	—	93,711	—
Input VAT to be deducted and others	42,458	—	15,728	—
Deposits (<i>Note (a)</i>)	665,841	—	399,292	1,970
Other receivables				
— Payments on behalf of property owners (<i>Note (b)</i>)	101,092	—	88,032	—
— Lending to an investee including interests	35,945	—	—	—
— Others	70,312	—	19,808	—
Subtotal	207,349	—	107,840	—
Total	1,071,871	—	616,571	1,970
Less: allowance for impairment of other receivables and deposits	(62,415)	—	(22,267)	(26)
	<u>1,009,456</u>	<u>—</u>	<u>594,304</u>	<u>1,944</u>

(a) As at 31 December 2022 and 2021, deposits mainly included deposits made with government related bodies for providing property management services and deposits made with car parking slot owners to secure the agent role for sale of the car parking slot.

(b) As at 31 December 2022 and 2021, the amounts represented the payments on behalf of property owners in respect of mainly utilities and elevator maintenance costs of the properties.

12 CASH AND CASH EQUIVALENTS

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

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Cash on hand	260	781
Cash in banks	1,929,029	2,480,560
Cash in payment platforms	44,407	22,761
	<u>1,973,696</u>	<u>2,504,102</u>
	<u>1,973,696</u>	<u>2,504,102</u>
	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
USD	96,831	16,879
RMB	1,860,514	2,427,371
HKD	16,351	59,852
	<u>1,973,696</u>	<u>2,504,102</u>
	<u>1,973,696</u>	<u>2,504,102</u>

13 SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 16 January 2018. At the date of incorporation, the authorised share capital was USD51,200 comprising 51,200 ordinary shares of USD1.00 each. As at 31 December 2022, the authorised share was 10,000,000.00 shares at par value of USD0.01.

Ordinary shares, issued and fully paid:

	<i>Number of shares</i>	<i>USD'000</i>	<i>RMB'000</i>
At 1 January 2022	<u>870,134,000</u>	<u>8,701</u>	<u>59,900</u>
Exercise of share option under 2019 share option scheme (<i>Note 1</i>)	<u>1,097,000</u>	<u>11</u>	<u>73</u>
At 31 December 2022	<u>871,231,000</u>	<u>8,712</u>	<u>59,973</u>

Note 1: During the year ended 31 December 2022, several employees under 2019 share option scheme subscribed for 1,097,000 shares in total with exercise price of HKD6.18 per share. The Company received the net proceeds from exercise of approximately HKD6,779,000 (equivalent to approximately RMB5,813,000).

14 TRADE AND OTHER PAYABLES

	As at 31 December			
	2022		2021	
	RMB'000		RMB'000	
	Current	Non-current	Current	Non-current
Trade payables (<i>Note (a)</i>)				
— Third parties	<u>532,722</u>	—	<u>536,875</u>	—
Other payables				
— Accrued expenses	253,597	—	157,196	—
— Amounts collected on behalf of property owners	731,469	—	515,496	—
— Consideration payables for acquisition of subsidiaries	37,959	105,398	192,731	92,857
— Others	<u>73,959</u>	—	<u>10,277</u>	—
	1,096,984	105,398	875,700	92,857
Accrued payroll	307,534	—	232,566	—
Other tax payables	106,043	—	84,219	—
	<u>2,043,283</u>	<u>105,398</u>	<u>1,729,360</u>	<u>92,857</u>

(a) At 31 December 2022 and 2021, the ageing analysis of the trade payables based on invoice date were are follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 1 year	500,035	517,139
1 to 2 years	20,018	17,999
2 to 3 years	11,244	814
Over 3 years	<u>1,425</u>	<u>923</u>
	<u>532,722</u>	<u>536,875</u>

15 DIVIDENDS

	For the year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Dividends declared by the Company (<i>Note (a)</i>)	134,944	239,819
Dividends paid by a subsidiary to non-controlling interests (<i>Note (b)</i>)	<u>2,883</u>	<u>3,103</u>
	<u><u>137,827</u></u>	<u><u>242,922</u></u>

- (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 of 31 December 2022, the dividend had been fully paid.

At a Board meeting held on 29 March 2023, the directors proposed a final dividend for 2022 of RMB0.16 per ordinary share using the share premium account. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of reserves for the year ended 31 December 2022 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

- (b) Chengdu Yueshishang Catering Management Co., Ltd, a subsidiary of the Company, distributed 100% of its profit for the year ended 31 December 2020 to the shareholders. The distributable amount for non-controlling interests was RMB129,000.

Shanghai Xuefu Catering Management Service Co., Ltd, a subsidiary of the Company, distributed 100% of its profit for the year ended 31 December 2021 to the shareholders. The distributable amount for non-controlling interests was RMB2,754,000.

16 SUBSEQUENT EVENT

In January 2023, the Group entered into an equity acquisition agreement with Ms. Wang Ting agreeing to acquire her 70% equity interests in Shanghai Xiangxi Property Management Service Co., Ltd., which became a subsidiary of the Group since the acquisition date. Up to the date of approval of these consolidated financial statements by the Board, the initial accounting for such acquired subsidiaries was incomplete and was still under review by the management and thus no relevant financial information was disclosed.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Company for the year ended 31 December 2022.

The year 2022 witnessed the struggle of numerous companies around the globe which were exposed to severe challenges, such as sharp rise of inflation, the shift in monetary policy of developed countries, the intensification of international geopolitical bargains, and the repeated waves of the COVID-19 pandemic, which have significantly hindered the overall growth of the global economy, and resulted in adjustments to the business development of the major enterprises to various degrees. China's economy, as well as its enterprises, was also going through hard times. As a pillar industry, China's real estate industry was unable to recover from the storm breaking out in 2021, which on the contrary, spread even wider, with the number of companies being affected continuously increasing, resulting in a large number of overdue debts. In addition, the development of the COVID-19 pandemic remained unpredictable during the year, and the control measures to deal with it have resulted in disruption of the normal business activities of the whole society, with the impact lasting for three to four months in certain areas, dealing a heavy blow on numerous businesses that were hard to recover from.

The property service industry in which the Company operates also faced a very challenging market environment in 2022. Such challenges include: (i) as certain sectors of the property service industry belong to the same industry chain as the real estate development industry, when the real estate development industry encountered unexpected industry-specific difficulties, such difficulties would be inevitably transmitted to the property service industry, and the current difficulties we were facing were indeed beyond our expectation at the beginning of 2022; (ii) many areas and cities were stricken by the repeated waves of the COVID-19 pandemic during the year, and the governments' measures to manage and control it during the period nearly stagnated the business operation of the industry. Such measures have made it more difficult for property service companies to maintain their normal operation and generate income; and (iii) property service companies, which had served as the logistics and community service providers and front-line volunteers, had incurred additional service costs due to the pandemic prevention and control measures in 2022, adding to their pressure on maintaining due profits.

Amid the above-mentioned changes in the external environment, the development of the property service industry has entered a new stage, characterized by the adjustments to the pace of market integration and scale growth of industry participants, as well as fluctuating valuation of the capital market. Property service companies have taken active steps to improve the community livelihood and fully guarantee the production of the enterprises, bringing the development of the industry back to service quality and professional capability.

Thanks to the invaluable contribution of our employees, the Company has achieved continuous growth in business scale despite the challenging environment, with the GFA under management hitting a new high, and the revenue topping RMB5 billion. In the face of the repeated waves of the COVID-19 pandemic, our employees have devoted themselves to their jobs, working day and night tirelessly at the front line of community service and logistic support. They have brilliantly fulfilled their mission of safeguarding the happiness of the community and ensuring the uninterrupted production of our customers, demonstrating the great value of the property management enterprises in safeguarding people's livelihood, security and social stability. Our services have been well recognized by our customers and industrial associations, as proven by the prestigious awards granted to our projects in recognition of our outstanding service quality in 2022, such as the "China's Property Service Benchmark Project in 2022 (2022中國物業服務力標桿項目)", "China's Hospital Property Service Benchmark Project in 2022 (2022中國醫院物業服務標桿項目)", and "China's School Property Services Benchmark Project in 2022 (2022中國學校物業服務標桿項目)", which enhanced the brand image of the Company.

BUSINESS REVIEW

The year 2022 also witnessed the initial deepening of our "great community" + "great logistics" strategy, during which the Company recorded an annual operating income of approximately RMB5,179.6 million, representing a year-on-year increase of approximately 19.1%, which was mainly contributed by our property management services and community-related value-added services. However, the profit attributable to the equity owners of the Company decreased by approximately 19.4% from the previous year to approximately RMB423.5 million, which was primarily due to the sluggish business climate of the real estate development industry, as well as the significant year-on-year decrease in the demand for developer-related value-added services and smart community services. In addition, the US dollar bonds of the listed companies held by the Company caused us further losses, which amounted to approximately RMB172.5 million.

In terms of property management business, the Company's revenue therefrom reached approximately RMB3,024.9 million, representing a year-on-year increase of approximately 44.0%. As at 31 December 2022, our total GFA under management reached approximately 198.3 million sq.m., representing a net increase of approximately 44.7 million sq.m. compared with the end of 2021, and the total contracted area reached approximately 312.7 million sq.m., representing a net increase of approximately 33.9 million sq.m. compared with the end of 2021. With the implementation of non-residential service capacity training and practice in the last two years, our service ability and business development ability in various property types have been significantly improved. During the year, the non-residential projects managed by the Company increased rapidly. In terms of GFA under management, the non-residential projects accounted for approximately 25.8% of the Group's project portfolio, with the number of non-residential projects increasing by approximately 76.5% as compared to the end of 2021. At present, the projects under our management cover

various property types such as hospitals, enterprises, colleges, offices, and shopping malls. As the quality of our services has been well recognized by our customers, we have been able to serve multiple project sites of certain customers, with our service penetration rate further increasing.

In terms of community-related value-added services, the Company's revenue therefrom reached approximately RMB1,284.5 million, representing a year-on-year increase of approximately 40.3%. The gross profit of this business segment reached approximately RMB414.1 million, accounting for approximately 30.9% of the Company's total gross profit, making it the second largest core business after the property management business. Since we began to deepen our "great community" + "great logistics" strategy, the income from our great logistics-based community-related value-added services represented by group catering has been growing gratifyingly, with the income from such community-related value-added services almost equal to that from traditional residence-based community-related value-added services. As the Company's contracts on "great logistics" continue to be executed, there is no doubt that the proportion of our great logistics-based community-related value-added services such as group catering will further increase. During the year, the revenue of two catering service companies, namely Shanghai Xuefu Catering Management Service Co., Ltd.* (上海學府餐飲管理服務有限公司) and Suzhou Health Catering Management Service Co., Ltd.* (蘇州海奧斯餐飲管理服務有限公司), were consolidated into the Company. In addition, Tianjin Jinyu Property Management Co., Ltd.* (天津市金玉物業管理有限公司), which was acquired by the Company in the first half of the year and with many high-quality customers in the group catering business, contributed to a strong growth in the revenue from our group catering business this year. Of course, we will not solely rely on mergers and acquisitions for the growth of the group catering business, but will also cooperate closely with the above-mentioned new member companies in business bidding. With the joint efforts of the various parties, we have succeeded in bidding for the postgraduate restaurant in the Northern Campus of Shanghai Fudan University, the Beiyuan Restaurant in Tongji University, the restaurant in the Yanchang Campus of Shanghai University, the Staff Restaurant of Morimatsu International Holdings in Shanghai, and the R&D Center of ZTE Corporation in Shanghai. Some of these projects have opened for business in the second half of 2022, and some will open in 2023, ensuring better performance of the Company in 2023. In addition to the group catering business, our facilities management services were also steadily advancing. To date, the number of elevators under our management has exceeded 33,000. For the elevator installation business in old buildings which represents a new growth opportunity, we have secured an increase of dozens of units compared with the beginning of the year.

For other businesses, the demand for services from the real estate development industry dropped significantly, and our revenue from developer-related value-added services and smart community services both dropped by more than 30%. During the year, we carried out a risk screening on the current real estate developer customers, aiming to control the scale of account receivables, and avoid significant risks that the funds could not be recovered.

PROSPECTS

While the downturn in the real estate industry has indeed dragged down the Company's performance, we believe that such impact is only temporary. Though it is very difficult to accurately predict the future, we have maintained an optimistic outlook, attributable to the recent market developments and our own proactive improvements which have given us good confidence: (i) as at the date of this statement, the repeated waves of the COVID-19 pandemic has finally come to an end, with work, production, consumption and entertainment all back to normal, which of course is conducive to the development of our business; (ii) since the end of 2022, the PRC government and relevant authorities have been continuously issuing policies to open financing channels to support the healthy and orderly development of the real estate industry, which convinces us that the real estate industry is about to pass the most difficult time; (iii) after a year of adjustments, the direct connection of the Company's business structure with the real estate development industry has dropped to the minimum level. The Company has been gradually growing into a comprehensive logistics service provider. Our property management services are not only provided to property owners, but also extended to various scenarios such as production, study and work, serving the users in such scenarios and safeguarding their work and production; and (iv) the Company has increased its resources in the construction of information infrastructure in 2022: the Group-level SAP system has brought the Company's overall internal management to a new level, speeding up the generation and analysis of various types of data, and the operation management system related to group catering also enabled us to check the operation data in real time, which could keep abreast of the operation status of each project site. All of the above make us believe that the overall business operation of the Company will eventually return to the right track in the future and create greater value for our shareholders.

Since our listing, we have been unremittingly studying the development history of outstanding property service companies at home and abroad, aiming to set a right direction of long-term development for the Company and build up a reasonable business portfolio to achieve sustainable growth, and do our best to create considerable returns to our shareholders. I also hope that in the future, we can continue to uphold our original aspiration of serving our customers heartily, persist in practicing the camel spirit of Seazen Group, and withstand the greatest pressure with utter endurance and motivation even in a difficult environment!

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a national residential property management service provider as well as a fast-growing comprehensive logistics service provider. In 2022, the various impacts of the COVID-19 pandemic on the economy surfaced and China saw weak property market throughout the year. Under such circumstances, the operations of some of the Group's businesses were under challenge and the service demands of our developer customers were also constrained.

Fortunately, the business performance of the Group exhibited stability. The management scale and revenue of the Group maintained their growth and property management services and community-related value-added services, our two core segments, both performed well under pressure.

FINANCIAL REVIEW

Revenue

In 2022, the revenue of the Group amounted to approximately RMB5,179.6 million, representing an increase of 19.1% as compared to approximately RMB4,350.7 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 year ended 31 December		
	2022 <i>RMB'000</i>	Growth rate %	2021 <i>RMB'000</i>
Property management services	3,024,934	44.0	2,100,212
Community-related value-added services	1,284,549	40.3	915,603
Smart community services	350,552	(32.5)	519,663
Developer-related value-added services	519,518	(36.3)	815,257
Total	<u>5,179,553</u>	<u>19.1</u>	<u>4,350,735</u>

- ***Property management services***

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

In 2022, the revenue from property management services of the Group amounted to approximately RMB3,024.9 million, representing an increase of approximately 44.0% as compared to approximately RMB2,100.2 million for the corresponding period in 2021, accounting for approximately 58.4% of the total revenue. As at 31 December 2022, the GFA under management of the Group was 198.3 million sq.m., representing a net increase of approximately 44.7 million sq.m. or approximately 29.1% as compared to the end of 2021, of which the area attributable to third parties accounted for approximately 51.9%. During the year, the construction cycle for new projects were extended due to the pandemic management measures implemented from time to time, resulting in delays in the delivery of some residential projects which were originally planned to be delivered during the year. Despite this, the Group still recorded outstanding growth in its GFA under management. This was, to a large extent, owed to our expansion capability in non-residential sectors developed in the past two years, which has enabled the Group to have a steady stream of non-residential projects added to its management portfolio, thus alleviating the difficulties in business expansion brought about by the current downturn in the residential property market. As at 31 December 2022, the Group's non-residential projects accounted for approximately 25.8% of the GFA under management, representing an increase of 6.9 percentage points as compared to the end of 2021, which demonstrated that there was a significant change in our segment structure.

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

	As at and for the year ended 31 December 2022					As at and for the year ended 31 December 2021		
	GFA under management <i>thousand sq.m.</i>	Area proportion %	Proportion of revenue from property management services %	Net increase <i>thousand sq.m.</i>	Growth rate %	GFA under management <i>thousand sq.m.</i>	Area proportion %	Proportion of revenue from property management services %
Seazen Group	95,403	48.1	58.4	14,799	18.4	80,604	52.5	63.0
Third parties	102,865	51.9	41.6	29,938	41.1	72,927	47.5	37.0
Total	<u>198,268</u>	<u>100.0</u>	<u>100.0</u>	<u>44,737</u>	<u>29.1</u>	<u>153,531</u>	<u>100.0</u>	<u>100.0</u>

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

	For the year ended 31 December	
	2022 <i>thousand sq.m.</i>	2021 <i>thousand sq.m.</i>
At the beginning of the year	153,531	101,415
Handover	46,875	56,593
Including		
<i>Handover — Seazen Group</i>	14,962	20,936
<i>Handover — Third parties</i>	31,913	35,637
Termination	2,138	4,477
At the end of the period	<u>198,268</u>	<u>153,531</u>

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

	As at 31 December 2022			Growth rate	As at 31 December 2021	
	GFA under management thousand sq.m.	Area proportion %	Net increase thousand sq.m.		GFA under management thousand sq.m.	Area proportion %
Residential sector	147,048	74.2	22,538	18.1	124,510	81.1
Non-residential sector	51,220	25.8	22,199	76.5	29,021	18.9
Total	<u>198,268</u>	<u>100.0</u>	<u>44,737</u>	<u>29.1</u>	<u>153,531</u>	<u>100.0</u>

The contracted GFA of the Group was approximately 312.7 million sq.m., representing a net increase of approximately 33.9 million sq.m. or 12.2% as compared to the end of 2021, of which the area attributable to third parties accounted for approximately 46.7%. Since 2019, we have been investing and nurturing market-oriented development to rapidly improve our ability to identify and capture business opportunities in the market. In 2022, the development of private property developers slowed down significantly, but there was a significant increase in land acquisitions by urban construction and investment companies. Under such circumstances, we quickly entered into partnerships with urban construction and investment companies in cities such as Tianjin, Changzhou and Jingmen to improve the values of their new development projects with our standardized property management service system. At the same time, we have leveraged our diversified logistics capabilities to cross-sell and explore the potential property management service needs of various customers, which further expanded our business development channels. As our market-oriented expansion capabilities continue to improve, the proportion of new property management contracts from third parties is increasing year by year, and we are able to cover a wider range of sectors and business categories.

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

	For the year ended 31 December 2022				For the year ended 31 December 2021	
	Contracted GFA <i>thousand</i> <i>sq.m.</i>	Area proportion <i>%</i>	Net increase <i>thousand</i> <i>sq.m.</i>	Growth rate <i>%</i>	Contracted GFA <i>thousand</i> <i>sq.m.</i>	Area proportion <i>%</i>
Seazen Group	166,693	53.3	447	0.3	166,246	59.6
Third parties	146,048	46.7	33,448	29.7	112,600	40.4
Total	<u>312,741</u>	<u>100.0</u>	<u>33,895</u>	<u>12.2</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 31 December 2022				As at 31 December 2021	
	Contracted GFA <i>thousand</i> <i>sq.m.</i>	Area proportion <i>%</i>	Net increase <i>thousand</i> <i>sq.m.</i>	Growth rate <i>%</i>	Contracted GFA <i>thousand</i> <i>sq.m.</i>	Area proportion <i>%</i>
Residential sector	256,197	81.9	10,745	4.4	245,452	88.0
Non-residential sector	56,544	18.1	23,150	69.3	33,394	12.0
Total	<u>312,741</u>	<u>100.0</u>	<u>33,895</u>	<u>12.2</u>	<u>278,846</u>	<u>100.0</u>

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

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

During the year, the revenue from community-related value-added services amounted to approximately RMB1,284.5 million, representing an increase of approximately 40.3% as compared to approximately RMB915.6 million for the corresponding period in 2021, accounting for approximately 24.8% of the total revenue. During the year, the revenue from value-added services related to the Group's great logistics grew rapidly, accounting for approximately 46.5% of the revenue from community-related value-added services. In particular, the revenue from the group catering services was approximately RMB355.4 million, representing a year-on-year increase of approximately 334.2%; and the revenue related to facility management services was approximately RMB242.5 million, representing a year-on-year increase of approximately 54.2%.

- ***Smart community services***

Smart community services mainly provide one-stop smart solutions for various projects, covering residential properties, office buildings and complexes.

In 2022, the revenue from smart community services of the Group amounted to approximately RMB350.6 million, representing a decrease of approximately 32.5% as compared to approximately RMB519.7 million for the corresponding period in 2021, accounting for approximately 6.8% of the total revenue.

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

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

During the year, the revenue from developer-related value-added services amounted to approximately RMB519.5 million, representing a decrease of approximately 36.3% as compared to approximately RMB815.3 million for the corresponding period in 2021, accounting for approximately 10.0% of the total revenue.

Cost of Sales and Services

During the year, the cost of sales and services of the Group was approximately RMB3,841.4 million, representing an increase of approximately 27.7% as compared to approximately RMB3,009.2 million for the corresponding period in 2021. The increase in cost of sales and services was mainly due to the continued stable growth of the overall business scale of the Group.

Gross Profit and Gross Profit Margin

	For the year ended 31 December 2022				For the year ended 31 December 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	739,899	24.5	55.4	(5.6)	631,870	30.1	47.1
Community-related value-added services	414,120	32.2	30.9	(10.2)	387,805	42.4	28.9
Smart community services	56,579	16.1	4.2	(0.4)	85,856	16.5	6.4
Developer-related value-added services	127,542	24.6	9.5	(4.3)	236,016	28.9	17.6
Total	<u>1,338,140</u>	<u>25.8</u>	<u>100.0</u>	<u>(5.0)</u>	<u>1,341,547</u>	<u>30.8</u>	<u>100.0</u>

The Group recorded gross profit of approximately RMB1,338.1 million for the year ended 31 December 2022, representing a year-on-year decrease of approximately 0.3% as compared to approximately RMB1,341.5 million in 2021. Gross profit margin was approximately 25.8%, representing a decrease of 5.0 percentage points as compared to 30.8% in 2021. The decrease in overall gross profit margin was mainly due to the decrease in the gross profit margin of all our business segments.

Gross profit of property management services was approximately RMB739.9 million, representing an increase of approximately 17.1% as compared to approximately RMB631.9 million in 2021. Gross profit margin was approximately 24.5%, representing a year-on-year decrease of 5.6 percentage points. The decrease in the gross profit margin of property management services was mainly due to: (i) the increase in the costs of services as a result of the pandemic, which was mainly reflected by the increase in the overtime wages of our employees and pandemic prevention supplies expenses; (ii) the decline in the positive effect of residential projects which were newly delivered on gross profit margin; and (iii) the higher proportion of non-residential projects with low gross profit margins.

Gross profit of community-related value-added services was approximately RMB414.1 million, representing an increase of approximately 6.8% as compared to approximately RMB387.8 million in 2021. Gross profit margin was approximately 32.2%, representing a year-on-year decrease of 10.2 percentage points. The decrease in gross profit margin was mainly due to: (i) the rapid growth of the revenue from the group catering business and facility management services with low gross profit margin, which diluted the gross profit margin of the segment; and (ii) the effect of the pandemic on the operations of some of our businesses with fixed staff and facility costs, leading to the decline of the gross profit margin of the businesses.

Gross profit of smart community services was approximately RMB56.6 million, representing a decrease of approximately 34.1% as compared to approximately RMB85.9 million in 2021. Gross profit margin was approximately 16.1%, representing a slight decrease as compared to the previous year.

Gross profit of developer-related value-added services was approximately RMB127.5 million, representing a decrease of approximately 46.0% as compared to approximately RMB236.0 million in 2021. Gross profit margin was approximately 24.6%, representing a decrease of 4.3 percentage points compared with last year.

Administrative Expenses

Administrative expenses were approximately RMB481.0 million, representing an increase of approximately 13.4% as compared to approximately RMB424.0 million in 2021. The increase in administrative expenses was mainly due to: (i) the continued stable growth of the Group's scale; and (ii) reserve of talents for the rapid development of business related to the great logistics.

Other Losses — Net

The other losses of the Group were approximately RMB103.7 million, representing a decrease of approximately 23.6% as compared to approximately RMB135.8 million in 2021, which was mainly due to the fluctuations in exchange rates during the period.

Income Tax Expense

Income tax amounted to approximately RMB152.2 million, representing a decrease of approximately 16.8% as compared to approximately RMB182.9 million in 2021. The decrease in tax expense was mainly due to the decrease in the Group's profit before income tax. The tax rate was approximately 24.3%, representing a slight decline as compared to approximately 24.7% 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 year ended 31 December 2022, the Group did not make provision for Hong Kong profits tax accordingly.

Profit for the Year

Profit for the year of the Group was approximately RMB474.7 million, representing a decrease of approximately 15.0% from approximately RMB558.7 million in 2021; profit attributable to owners of the Company was approximately RMB423.5 million, representing a decrease of approximately 19.4% as compared to that in 2021; and net profit margin was approximately 9.2%, down by 3.6 percentage points over that in 2021.

SIGNIFICANT INVESTMENTS

As at 31 December 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 RMB451.3 million and approximately RMB6.0 million respectively, accounting for approximately 7.4% in aggregate of the total assets of the Group as at 31 December 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 31 December 2022, the Group did not hold any significant investments. As at 31 December 2022, the Company had no plans for any significant investments in the future.

Financial assets at fair value through profit or loss held by the Group as at 31 December 2022

Nature of investments	As at 31 December 2022		For the year ended 31 December 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:				
Trust products and funds	241,465	3.9	—	1,583
Listed bonds denominated in US dollars	80,636	1.3	(122,598)	27,923
Investments in preferred shares and debts of unlisted companies	129,224	2.1	(2,643)	10,945
Total	<u>451,325</u>	<u>7.3</u>	<u>(125,241)</u>	<u>40,451</u>

Nature of investments	As at 31 December 2022		For the year ended 31 December 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	5,996	0.1	(49,889)	—

Due to higher price fluctuations of the listed bonds denominated in US dollars, fair value losses and accrued expected credit impairment losses were recognised by the Company for the year ended 31 December 2022. The Directors will continuously monitor the price movements and make fair value adjustments accordingly.

PLEDGE OF ASSETS

As at 31 December 2022, the Group did not pledge any assets.

FOREIGN EXCHANGE RISK

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

	As at 31 December 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>
USD	96,831	16,879
RMB	1,860,514	2,427,371
HKD	16,351	59,852
Total	<u>1,973,696</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.

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 31 December 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)				Expected time of using unused proceeds
		Available	Unused	Used during	Unused	
			as at	the year	as at	
31 December	31 December	31 December	2022			
Acquisition of property management companies	60%	518.6	225.4	155.9	69.5	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	102.6	41.0	61.6	On or before 31 December 2023
Upgrade of information technology infrastructure	10%	86.4	73.7	73.7	—	On or before 31 December 2023
Total	100%	864.3	401.7	270.6	131.1	

DIVIDEND

The Board recommends the payment of a final dividend of RMB0.16 per share for the year ended 31 December 2022. The final dividend is still subject to approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting (the “**AGM**”) to be held on Wednesday, 28 June 2023, and is expected to be paid on 18 July 2023 to the Shareholders whose names appear on the register of members of the Company as at 5 July 2023.

EVENT AFTER THE REPORTING PERIOD

In January 2023, the Group entered into an equity acquisition agreement with Ms. Wang Ting (王婷), agreeing to acquire its 70% equity interests in Shanghai Xiangxi Property Management Co., Ltd.* (上海翔禧物業管理有限公司), which became a subsidiary of the Group since the acquisition date. As of the date of this announcement, the initial accounting for such acquired subsidiaries was incomplete and was still under review by the management and thus no relevant financial information was disclosed.

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the Shareholders entitled to attend the AGM, the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023 (both days inclusive). To qualify for attendance at the AGM, all completed share transfer documents together with the relevant share certificates must be lodged for registration with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 21 June 2023.

For the purpose of determining the Shareholders entitled to receive the final dividend, the register of members of the Company will also be closed from Wednesday, 5 July 2023 to Thursday, 6 July 2023 (both days inclusive). To qualify for the final dividend, all completed share transfer documents together with the relevant share certificates must be lodged for registration with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 4 July 2023.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. Save as disclosed in this announcement, the Company has complied with all applicable code provisions as set out in part 2 of Appendix 14 to the Listing Rules during the year ended 31 December 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 inquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2022.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, the trustee of the Share Award Scheme (as defined under the paragraph headed "Share Award Scheme" below in this announcement) purchased an aggregate of 500,000 shares on the market for the purpose of the Share Award Scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 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 year ended 31 December 2022, the Company did not grant any share option under the Share Option Scheme.

SHARE AWARD SCHEME

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

During the year ended 31 December 2022, the Company granted a total of 5,030,000 award shares to certain employees under the Share Award Scheme to recognise their contributions to the Group. 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 Audit Committee is to review and oversee the financial reporting system, risk management and internal control of the Company.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management, and has reviewed the annual results for the year ended 31 December 2022.

This annual results announcement is based on the Group’s audited consolidated financial statements for the year ended 31 December 2022 as agreed with the auditors of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND 2022 ANNUAL REPORT

This annual results announcement is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xinchengyue.com), and the 2022 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 March 2023

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*