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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 2023

#### RESULTS HIGHLIGHTS

|   | Six months ended 30 June                       |           |                        |
|---|--|-----------|------------------------|
|   | 2023   | 2022      | YoY                    |
|   | Unaudited                                      | Unaudited |                        |
|   | <i>(RMB'000 except as otherwise specified)</i> |           |                        |
| <b>Revenue</b>  | <b>2,681,101</b>                               | 2,465,961 | 8.7%                   |
| — Property management services                          | <b>1,694,125</b>                               | 1,392,613 | 21.7%                  |
| — Community-related value-added services                | <b>708,091</b>                                 | 624,577   | 13.4%                  |
| — Smart community services                              | <b>119,977</b>                                 | 174,426   | -31.2%                 |
| — Developer-related value-added services                | <b>158,908</b>                                 | 274,345   | -42.1%                 |
| Gross profit  | <b>717,574</b>                                 | 716,129   | 0.2%                   |
| Gross profit margin                                     | <b>26.8%</b>                                   | 29.0%     | -2.2 percentage points |
| — Property management services                          | <b>24.7%</b>                                   | 28.5%     | -3.8 percentage points |
| — Community-related value-added services                | <b>33.9%</b>                                   | 35.1%     | -1.2 percentage points |
| — Smart community services                              | <b>16.1%</b>                                   | 16.1%     | —                      |
| — Developer-related value-added services                | <b>25.0%</b>                                   | 26.2%     | -1.2 percentage points |
| Selling and marketing and administrative expenses rate* | <b>9.6%</b>                                    | 9.7%      | -0.1 percentage points |

\* Selling and marketing and administrative expenses rate = (Selling and marketing expenses + administrative expenses)/Revenue

|  | <b>Six months ended 30 June</b>                |             |              |
|--|--|-------------|--------------|
|  | <b>2023</b>                                    | 2022        | YoY          |
|  | <b>Unaudited</b>                               | Unaudited   |              |
|  | <i>(RMB'000 except as otherwise specified)</i> |             |              |
| Profit for the period                        | <b>333,525</b>                                 | 257,699     | 29.4%        |
| Profit attributable to owners of the company | <b>293,789</b>                                 | 225,816     | 30.1%        |
| Earnings per share                           |  |             |              |
| (Expressed in RMB per share)                 |  |             |              |
| — Basic earning per share                    | <b>0.34</b>                                    | 0.26        | 30.8%        |
| — Diluted earnings per share                 | <b>0.34</b>                                    | 0.26        | 30.8%        |
|  | <b>As at</b>                                   | As at       |              |
|  | <b>30 June</b>                                 | 31 December |              |
|  | <b>2023</b>                                    | 2022        | Net increase |
| GFA under management (million sq.m.)         | <b>208.5</b>                                   | 198.3       | 10.2         |
| — Seazen Group                               | <b>100.9</b>                                   | 95.4        | 5.5          |
| — Third parties                              | <b>107.6</b>                                   | 102.9       | 4.7          |
| Contracted GFA (million sq.m.)               | <b>322.8</b>                                   | 312.7       | 10.1         |
| — Seazen Group                               | <b>166.8</b>                                   | 166.7       | 0.1          |
| — Third parties                              | <b>156.0</b>                                   | 146.0       | 10.0         |

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 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of 2022, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2023*

|   | <i>Note</i> | <b>Six months ended 30 June</b> |                  |
|---|-------------|---------------------------------|------------------|
|   |             | <b>2023</b>                     | <b>2022</b>      |
|   |             | <b>Unaudited</b>                | <b>Unaudited</b> |
|   |             | <b>RMB'000</b>                  | <b>RMB'000</b>   |
| <b>Revenue</b>  | 5           | <b>2,681,101</b>                | 2,465,961        |
| Cost of sales and services  | 5,6         | <b>(1,963,527)</b>              | (1,749,832)      |
| <b>Gross profit</b>   |             | <b>717,574</b>                  | 716,129          |
| Selling and marketing expenses  | 6           | <b>(41,836)</b>                 | (29,168)         |
| Administrative expenses   | 6           | <b>(215,254)</b>                | (208,839)        |
| Net impairment losses on financial assets                             |             | <b>(90,716)</b>                 | (71,378)         |
| Other income  | 7           | <b>43,855</b>                   | 44,874           |
| Other expenses  |             | <b>(6,633)</b>                  | (2,422)          |
| Other gains/(losses) — net  | 8           | <b>2,650</b>                    | (120,476)        |
| <b>Operating profit</b>   |             | <b>409,640</b>                  | 328,720          |
| Finance income  |             | <b>15,518</b>                   | 13,927           |
| Finance cost  |             | <b>(708)</b>                    | (403)            |
| Finance income — net  | 9           | <b>14,810</b>                   | 13,524           |
| Share of net loss of associates accounted for using the equity method |             | <b>(413)</b>                    | —                |
| <b>Profit before income tax</b>                                       |             | <b>424,037</b>                  | 342,244          |
| Income tax expense  | 10          | <b>(90,512)</b>                 | (84,545)         |
| <b>Profit for the period</b>  |             | <b>333,525</b>                  | 257,699          |

|  |              | <b>Six months ended 30 June</b> |                  |
|--|--------------|---------------------------------|------------------|
|  |              | <b>2023</b>                     | <b>2022</b>      |
|  | <i>Note</i>  | <b>Unaudited</b>                | <b>Unaudited</b> |
|  |              | <b>RMB'000</b>                  | <b>RMB'000</b>   |
| <b>Other comprehensive income</b>  |              |                                 |                  |
| <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 |              | <b>(1,706)</b>                  | (26,791)         |
| Credit loss of debt instruments at fair value through other comprehensive income               |              | <b>1,706</b>                    | 16,600           |
|  |              | <hr/>                           | <hr/>            |
| Profit for the period is attributable to:  |              |                                 |                  |
| — Owners of the Company  |              | <b>293,789</b>                  | 225,816          |
| — Non-controlling interests  |              | <b>39,736</b>                   | 31,883           |
|  |              | <hr/>                           | <hr/>            |
|  |              | <b>333,525</b>                  | 257,699          |
|  |              | <hr/>                           | <hr/>            |
| <b>Other comprehensive income</b>  |              | <b>—</b>                        | (10,191)         |
|  |              | <hr/>                           | <hr/>            |
| <b>Total comprehensive income for the period</b>   |              | <b>333,525</b>                  | 247,508          |
|  |              | <hr/>                           | <hr/>            |
| Total comprehensive income for the period is attributable to:                                  |              |                                 |                  |
| — Owners of the Company  |              | <b>293,789</b>                  | 215,625          |
| — Non-controlling interests  |              | <b>39,736</b>                   | 31,883           |
|  |              | <hr/>                           | <hr/>            |
|  |              | <b>333,525</b>                  | 247,508          |
|  |              | <hr/>                           | <hr/>            |
| <b>Earnings per share (expressed in RMB per share)</b>   |              |                                 |                  |
| — Basic earnings per share   | <i>11(a)</i> | <b>0.34</b>                     | 0.26             |
|  |              | <hr/>                           | <hr/>            |
| — Diluted earnings per share   | <i>11(b)</i> | <b>0.34</b>                     | 0.26             |
|  |              | <hr/>                           | <hr/>            |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

|  |    | As at<br>30 June<br>2023<br>Unaudited<br>RMB'000 | As at<br>31 December<br>2022<br>Audited<br>RMB'000 |
|--|----|--|--|
| <b>Assets</b>  |    |  |  |
| <b>Non-current assets</b>  |    |  |  |
| Property, plant and equipment  |    | 81,142   | 83,039   |
| Right-of-use assets  |    | 15,942   | 19,287   |
| Intangible assets  | 12 | 960,038  | 885,170  |
| Investments in an associate  |    | 4,810  | 4,733  |
| Deferred tax assets  |    | 89,139   | 88,718   |
| Financial assets at fair value through profit or loss                |    | 363,616  | 370,689  |
| <b>Total non-current assets</b>                                      |    | <u>1,514,687</u>                                 | <u>1,451,636</u>                                   |
| <b>Current assets</b>  |    |  |  |
| Inventories  |    | 33,624   | 44,230   |
| Contract assets  |    | 316,954  | 292,740  |
| Financial assets at fair value through other<br>comprehensive income |    | 4,290  | 5,996  |
| Financial assets at fair value through profit or loss                |    | 25,278   | 80,636   |
| Trade receivables  | 13 | 1,813,310  | 1,292,257  |
| Prepayments, deposits and other receivables                          | 14 | 988,721  | 1,009,456  |
| Cash and cash equivalents  |    | 2,015,485  | 1,973,696  |
| <b>Total current assets</b>  |    | <u>5,197,662</u>                                 | <u>4,699,011</u>                                   |
| <b>Total assets</b>  |    | <u><u>6,712,349</u></u>                          | <u><u>6,150,647</u></u>                            |
| <b>Equity</b>  |    |  |  |
| <b>Equity attributable to owners of the Company</b>                  |    |  |  |
| Share capital  | 15 | 59,980   | 59,973   |
| Reserves   |    | 2,688,666  | 2,529,505  |
|  |    | <u>2,748,646</u>                                 | <u>2,589,478</u>                                   |
| <b>Non-controlling interests</b>                                     |    | <u>366,870</u>                                   | <u>319,045</u>                                     |
| <b>Total equity</b>  |    | <u><u>3,115,516</u></u>                          | <u><u>2,908,523</u></u>                            |

|                                      |    | <b>As at<br/>30 June<br/>2023<br/>Unaudited<br/>RMB'000</b> | As at<br>31 December<br>2022<br>Audited<br>RMB'000 |
|--------------------------------------|----|---|--|
| <b>Liabilities</b>                   |    |   |  |
| <b>Non-current liabilities</b>       |    |   |  |
| Lease liabilities                    |    | 7,753   | 9,521  |
| Provisions                           |    | 5,483   | 3,102  |
| Trade and other payables             | 17 | 133,119   | 105,398  |
| Deferred tax liabilities             |    | 111,451   | 114,764  |
| <b>Total non-current liabilities</b> |    | <u>257,806</u>  | <u>232,785</u>                                     |
| <b>Current liabilities</b>           |    |   |  |
| Lease liabilities                    |    | 6,683   | 6,736  |
| Borrowings                           |    | 9,265   | 2,265  |
| Contract liabilities                 |    | 875,344   | 747,899  |
| Trade and other payables             | 17 | 2,085,498   | 2,043,283  |
| Current income tax liabilities       |    | 199,061   | 186,630  |
| Dividend payable                     | 16 | 163,176   | 22,526   |
| <b>Total current liabilities</b>     |    | <u>3,339,027</u>  | <u>3,009,339</u>                                   |
| <b>Total liabilities</b>             |    | <u>3,596,833</u>  | <u>3,242,124</u>                                   |
| <b>Total equity and liabilities</b>  |    | <u>6,712,349</u>  | <u>6,150,647</u>                                   |
| <b>Net current assets</b>            |    | <u>1,858,635</u>  | <u>1,689,672</u>                                   |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2023*

## 1 GENERAL INFORMATION

S-Enjoy Service Group Co., Limited (the “**Company**”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies 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, Uglund House, Grand Cayman, KY1-1104 Cayman Islands.

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

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

The condensed consolidated interim financial information has been presented in thousands of Renminbi (“**RMB**”), unless otherwise stated, and were approved and authorized for issue by the board of directors of the Company on 25 August 2023.

The condensed consolidated interim financial information has not been audited.

## 2 BASIC OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2023 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 2022 (“**2022 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 2023, the accounting policies adopted are consistent with those of the 2022 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 2023**

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

The adoption of the above new standard, amendments and interpretation starting from 1 January 2023 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 2023.

### **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 2023 and have not been early adopted by the Group. These new accounting standard, amendments and interpretation are not expected to have a material impact on the Group's financial information when they become effective.

## **4 SEGMENT INFORMATION**

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

For the six months ended 30 June 2023, 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 2023.

As at 30 June 2023 and 31 December 2022, 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 2023 and 2022 is as follows:

|   | <b>Six months ended 30 June</b> |                                       |                         |                                       |
|---|---------------------------------|---------------------------------------|-------------------------|---------------------------------------|
|   | <b>2023</b>                     |                                       | <b>2022</b>             |                                       |
|   | <b>Unaudited</b>                |                                       | <b>Unaudited</b>        |                                       |
|   | <b>RMB'000</b>                  |                                       | <b>RMB'000</b>          |                                       |
|   | <b>Revenue</b>                  | <b>Cost of sales<br/>and services</b> | <b>Revenue</b>          | <b>Cost of sales<br/>and services</b> |
| <b>Revenue from customers and recognised over time:</b>     |                                 |                                       |                         |                                       |
| Property management services                                | <b>1,694,125</b>                | <b>1,275,907</b>                      | 1,392,613               | 995,617                               |
| Value-added services:                                       |                                 |                                       |                         |                                       |
| — Developer-related value-added services                    | <b>158,908</b>                  | <b>119,158</b>                        | 274,345                 | 202,425                               |
| — Community-related value-added services                    | <b>300,230</b>                  | <b>184,217</b>                        | 277,451                 | 183,123                               |
| — Smart community services                                  | <b>119,977</b>                  | <b>100,659</b>                        | 174,426                 | 146,311                               |
|   | <b><u>2,273,240</u></b>         | <b><u>1,679,941</u></b>               | <b><u>2,118,835</u></b> | <b><u>1,527,476</u></b>               |
| <b>Revenue from customers recognised at a point in time</b> |                                 |                                       |                         |                                       |
| Value added services:                                       |                                 |                                       |                         |                                       |
| — Community-related services                                | <b>407,861</b>                  | <b>283,586</b>                        | 347,126                 | 222,356                               |
|   | <b><u>2,681,101</u></b>         | <b><u>1,963,527</u></b>               | <b><u>2,465,961</u></b> | <b><u>1,749,832</u></b>               |

## 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 |                  |
|--|--------------------------|------------------|
|  | 2023                     | 2022             |
|  | Unaudited                | Unaudited        |
|  | RMB'000                  | RMB'000          |
| Employee benefit expenses                        | 989,774                  | 803,337          |
| Outsourced security, greening and cleaning costs | 520,016                  | 487,804          |
| Consumables and goods used                       | 425,271                  | 497,690          |
| Utilities  | 132,371                  | 72,865           |
| Depreciation and amortisation charges            | 56,348                   | 38,129           |
| Office expenses                                  | 21,943                   | 18,324           |
| Travelling expenses                              | 14,245                   | 11,326           |
| Employee uniform and related expenses            | 11,750                   | 11,793           |
| Business entertainment expenses                  | 10,192                   | 6,528            |
| Taxes and surcharges                             | 7,546                    | 7,273            |
| Professional fees                                | 7,378                    | 5,357            |
| Bank charges                                     | 4,835                    | 2,701            |
| Operating lease payments                         | 828                      | 2,516            |
| Others   | 18,120                   | 22,196           |
|  | <u>2,220,617</u>         | <u>1,987,839</u> |

## 7 OTHER INCOME

|   | Six months ended 30 June |               |
|---|--------------------------|---------------|
|   | 2023                     | 2022          |
|   | Unaudited                | Unaudited     |
|   | RMB'000                  | RMB'000       |
| Interest income derived from financial assets | 8,712                    | 18,598        |
| Government grants ( <i>Note</i> )             | 23,107                   | 19,900        |
| Others  | 12,036                   | 6,376         |
|   | <u>43,855</u>            | <u>44,874</u> |

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

**8 OTHER GAINS/(LOSSES) — NET**

|  | <b>Six months ended 30 June</b> |                         |
|--|---------------------------------|-------------------------|
|  | <b>2023</b>                     | <b>2022</b>             |
|  | <b>Unaudited</b>                | <b>Unaudited</b>        |
|  | <b>RMB'000</b>                  | <b>RMB'000</b>          |
| Net foreign exchange gains   | <b>11,351</b>                   | 12,629                  |
| Net fair value losses on financial assets at fair value through profit or loss | <b>(9,024)</b>                  | (134,982)               |
| Net gains on disposal of property, plant and equipment                         | <b>323</b>                      | 1,877                   |
|  | <b><u>2,650</u></b>             | <b><u>(120,476)</u></b> |

**9 FINANCE INCOME — NET**

|                                       | <b>Six months ended 30 June</b> |                      |
|---------------------------------------|---------------------------------|----------------------|
|                                       | <b>2023</b>                     | <b>2022</b>          |
|                                       | <b>Unaudited</b>                | <b>Unaudited</b>     |
|                                       | <b>RMB'000</b>                  | <b>RMB'000</b>       |
| <b>Finance income</b>                 |                                 |                      |
| Interest income                       | <b>15,518</b>                   | 13,927               |
| <b>Finance costs</b>                  |                                 |                      |
| Interest expense on lease liabilities | <b>(708)</b>                    | (403)                |
| Total finance income — net            | <b><u>14,810</u></b>            | <b><u>13,524</u></b> |

**10 INCOME TAX EXPENSE**

|                            | <b>Six months ended 30 June</b> |                      |
|----------------------------|---------------------------------|----------------------|
|                            | <b>2023</b>                     | <b>2022</b>          |
|                            | <b>Unaudited</b>                | <b>Unaudited</b>     |
|                            | <b>RMB'000</b>                  | <b>RMB'000</b>       |
| Current income tax         |                                 |                      |
| — PRC Corporate income tax | <b>106,452</b>                  | 79,602               |
| Deferred income tax        |                                 |                      |
| — PRC Corporate income tax | <b>(15,940)</b>                 | 4,943                |
|                            | <b><u>90,512</u></b>            | <b><u>84,545</u></b> |

**(a) Cayman Island income tax**

The Company was 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 the BVI, our subsidiaries incorporated in the BVI and all dividends, interest, rents, royalties, compensation and other amounts paid by such subsidiaries incorporated in the BVI to persons who are not resident in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of such subsidiaries incorporated in the BVI by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI. In addition, upon payments of dividends by our BVI subsidiaries to us, no BVI withholding tax is imposed.

**(c) Hong Kong 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 2023 and 2022.

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

Tibet Xinchengyue Property Services Co., Ltd. (“**Tibet Xinchengyue**”, 西藏新城悅物業服務股份有限公司), a Tibet registered company, is entitled to a preferential tax rate of 15%. Tibet Xinchengyue has a number of branches across China. According to the relevant tax laws and regulations, the Group files its income tax return by combining the taxable income of head office in Tibet and all of its branches with 50% of the aggregate taxable income apportion to the head office in Tibet which is subject to income tax rate of 15% and the remaining 50% among the branches which are subject to income tax rate of 25%, resulting in an average of about 20% applicable income tax rate.

Chengyue Times Co., Ltd. (成都誠悅時代物業服務有限公司) and Xinchengyue (Chengdu) Property Management Co., Ltd. (新城悅(成都)物業服務有限公司) and Guizhou Bajie Property Management Co., Ltd. (貴州霸潔物業管理有限公司) registered in western area of China, are entitled to a preferential tax rate of 15%.

Jiangsu Ruohong Intelligent Technology Co., Ltd. (江蘇若鴻智能科技有限公司) is entitled to a preferential tax rate of 15% until the end of 2022 as it achieved high-tech enterprise certificate. The renewal has been submitted during the six months ended 30 June 2023, and it is pending for government grant.

The corporate income tax rate applicable to other entities of the Group located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the “**CIT Law**”, 中華人民共和國企業所得稅法).

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 2023, the Group accrued for PRC withholding tax with amounted at RMB25,889,000 (31 December 2022: 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.

|   | <b>Six months ended 30 June</b> |             |
|---|---------------------------------|-------------|
|   | <b>2023</b>                     | 2022        |
|   | <b>Unaudited</b>                | Unaudited   |
| <b>Earnings:</b>  |                                 |             |
| Profit attributable to owners of the Company used in the basic earnings per share calculation ( <i>RMB'000</i> )                  | <b>293,789</b>                  | 225,816     |
| <b>Number of shares:</b>  |                                 |             |
| Weighted average number of ordinary shares in issue during the period basic earnings per share calculation ( <i>in thousand</i> ) | <b>854,775</b>                  | 853,651     |
| Basic earnings per share for profit attributable to the owners of the Company during the period ( <i>expressed in RMB</i> )       | <b><u>0.34</u></b>              | <u>0.26</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.

|  | <b>Six months ended 30 June</b> |           |
|--|---------------------------------|-----------|
|  | <b>2023</b>                     | 2022      |
|  | <b>Unaudited</b>                | Unaudited |
| <b>Earnings:</b>   |                                 |           |
| Profit attributable to owners of the Company used in the diluted earnings per share calculation ( <i>RMB'000</i> )   | <b>293,789</b>                  | 225,816   |
| <b>Number of shares:</b>   |                                 |           |
| Weighted average number of ordinary shares in issue during the period per share calculation ( <i>in thousand</i> )   | <b>854,775</b>                  | 853,651   |
| Add: numbers of dilutive shares ( <i>in thousand</i> )   | <b>236</b>                      | 4,257     |
| 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> ) | <b>855,011</b>                  | 857,908   |
| Diluted earnings per share for profit attributable to the owners of the Company during the period ( <i>expressed in RMB</i> )  | <b>0.34</b>                     | 0.26      |

## 12 INTANGIBLE ASSETS

|  | Computer<br>software<br>RMB'000 | Licenses<br>RMB'000 | Goodwill<br>RMB'000 | Trademark<br>RMB'000 | Customer<br>relationships<br>RMB'000 | Total<br>RMB'000 |
|--|---------------------------------|---------------------|---------------------|----------------------|--------------------------------------|------------------|
| <b>(Unaudited)</b>                         |                                 |                     |                     |                      |                                      |                  |
| <b>As at 1 January 2023</b>                |                                 |                     |                     |                      |                                      |                  |
| Cost                                       | 39,844                          | 1,314               | 421,014             | 8,000                | 501,889                              | 972,061          |
| Accumulated amortisation and<br>impairment | (10,467)                        | (225)               | (5,404)             | (1,422)              | (69,373)                             | (86,891)         |
| <b>Net book amount</b>                     | <b>29,377</b>                   | <b>1,089</b>        | <b>415,610</b>      | <b>6,578</b>         | <b>432,516</b>                       | <b>885,170</b>   |
| <b>Six months ended 30 June 2023</b>       |                                 |                     |                     |                      |                                      |                  |
| Opening net book amount                    | 29,377                          | 1,089               | 415,610             | 6,578                | 432,516                              | 885,170          |
| Additions                                  | 6,051                           | —                   | —                   | —                    | —                                    | 6,051            |
| Disposal                                   | (267)                           | —                   | —                   | —                    | —                                    | (267)            |
| Acquisition of a subsidiary                | —                               | —                   | 46,978              | —                    | 56,490                               | 103,468          |
| Amortisation                               | (3,451)                         | (66)                | —                   | (267)                | (30,600)                             | (34,384)         |
| <b>Closing net book amount</b>             | <b>31,710</b>                   | <b>1,023</b>        | <b>462,588</b>      | <b>6,311</b>         | <b>458,406</b>                       | <b>960,038</b>   |
| <b>As at 30 June 2023</b>                  |                                 |                     |                     |                      |                                      |                  |
| Cost                                       | 45,628                          | 1,314               | 467,992             | 8,000                | 558,379                              | 1,081,313        |
| Accumulated amortisation and<br>impairment | (13,918)                        | (291)               | (5,404)             | (1,689)              | (99,973)                             | (121,275)        |
| <b>Net book amount</b>                     | <b>31,710</b>                   | <b>1,023</b>        | <b>462,588</b>      | <b>6,311</b>         | <b>458,406</b>                       | <b>960,038</b>   |
| <b>(Unaudited)</b>                         |                                 |                     |                     |                      |                                      |                  |
| <b>As at 1 January 2022</b>                |                                 |                     |                     |                      |                                      |                  |
| Cost                                       | 18,388                          | 1,314               | 350,978             | 8,000                | 375,762                              | 754,442          |
| Accumulated amortisation                   | (5,832)                         | (53)                | —                   | (889)                | (19,343)                             | (26,117)         |
| <b>Net book amount</b>                     | <b>12,556</b>                   | <b>1,261</b>        | <b>350,978</b>      | <b>7,111</b>         | <b>356,419</b>                       | <b>728,325</b>   |
| <b>Six months ended 30 June 2022</b>       |                                 |                     |                     |                      |                                      |                  |
| Opening net book amount                    | 12,556                          | 1,261               | 350,978             | 7,111                | 356,419                              | 728,325          |
| Additions                                  | 11,827                          | —                   | —                   | —                    | —                                    | 11,827           |
| Acquisition of subsidiaries                | —                               | —                   | 19,658              | —                    | 20,037                               | 39,695           |
| Amortisation                               | (1,460)                         | (4)                 | —                   | (533)                | (22,519)                             | (24,516)         |
| <b>Closing net book amount</b>             | <b>22,923</b>                   | <b>1,257</b>        | <b>370,636</b>      | <b>6,578</b>         | <b>353,937</b>                       | <b>755,331</b>   |
| <b>As at 30 June 2022</b>                  |                                 |                     |                     |                      |                                      |                  |
| Cost                                       | 30,215                          | 1,314               | 370,636             | 8,000                | 395,799                              | 805,964          |
| Accumulated amortisation                   | (7,292)                         | (57)                | —                   | (1,422)              | (41,862)                             | (50,633)         |
| <b>Net book amount</b>                     | <b>22,923</b>                   | <b>1,257</b>        | <b>370,636</b>      | <b>6,578</b>         | <b>353,937</b>                       | <b>755,331</b>   |

### 13 TRADE RECEIVABLES

|   | <b>30 June<br/>2023<br/>Unaudited<br/>RMB'000</b> | 31 December<br>2022<br>Audited<br>RMB'000 |
|---|---|---|
| Trade receivables ( <i>Note (a)</i> )               |   |   |
| — Related parties                                   | <b>725,505</b>                                    | 564,281                                   |
| — Third parties                                     | <b>1,274,277</b>                                  | 864,348                                   |
|   | <b>1,999,782</b>                                  | 1,428,629                                 |
| Less: allowance for impairment of trade receivables | <b>(186,472)</b>                                  | (136,372)                                 |
|   | <b>1,813,310</b>                                  | 1,292,257                                 |

- (a) Trade receivables mainly arise from property management services managed under lump sum basis and value-added services. Property management services income under lump sum basis is 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 2023 and 31 December 2022, the ageing analysis of the trade receivables based on invoice date was as follows:

|               | <b>30 June<br/>2023<br/>Unaudited<br/>RMB'000</b> | 31 December<br>2022<br>Audited<br>RMB'000 |
|---------------|---|---|
| Within 1 year | <b>1,661,892</b>                                  | 1,192,582                                 |
| 1 to 2 years  | <b>206,160</b>                                    | 129,723                                   |
| 2 to 3 years  | <b>92,930</b>                                     | 69,278                                    |
| 3 to 4 years  | <b>31,494</b>                                     | 26,325                                    |
| 4 to 5 years  | <b>5,576</b>                                      | 7,495                                     |
| Over 5 years  | <b>1,730</b>                                      | 3,226                                     |
|               | <b>1,999,782</b>                                  | 1,428,629                                 |

As at 30 June 2023 and 31 December 2022, the trade receivables were denominated in RMB, and the fair value of trade receivables approximated their carrying amounts. Property management services and value-added services are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of invoice.

As at 30 June 2023 and 31 December 2022, no trade receivables of the Group were pledged to secure borrowings granted to the Group.



## 14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|  | 30 June 2023         |             | 31 December 2022   |             |
|--|----------------------|-------------|--------------------|-------------|
|  | Unaudited<br>RMB'000 |             | Audited<br>RMB'000 |             |
|  | Current              | Non-current | Current            | Non-current |
| Prepayments  |                      |             |                    |             |
| — Utilities and outsourced services                              | 77,305               | —           | 127,471            | —           |
| — Consumables to be used in value-added services                 | 22,721               | —           | 28,752             | —           |
| Subtotal   | 100,026              | —           | 156,223            | —           |
| Input VAT to be deducted and others                              | 15,256               | —           | 42,458             | —           |
| Deposits   | 616,550              | —           | 665,841            | —           |
| Other receivables  |                      |             |                    |             |
| — Payments on behalf of property owners ( <i>Note</i> )          | 177,519              | —           | 101,092            | —           |
| — Lending to an investee including interests                     | 36,685               | —           | 35,945             | —           |
| — Others   | 143,716              | —           | 70,312             | —           |
| Subtotal   | 357,920              | —           | 207,349            | —           |
| Total  | 1,089,752            | —           | 1,071,871          | —           |
| Less: allowance for impairment of other receivables and deposits | (101,031)            | —           | (62,415)           | —           |
|  | <b>988,721</b>       | <b>—</b>    | <b>1,009,456</b>   | <b>—</b>    |

*Note:* As at 30 June 2023 and 31 December 2022, the amounts represented the payments on behalf of property owners in respect of mainly utilities and elevator maintenance costs of the properties.

As at 30 June 2023 and 31 December 2022, 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 2023, the authorised share was 10,000,000,000 shares at par value of USD0.01.

Ordinary shares, issued and fully paid:

|  | <i>Number of<br/>shares</i> | <i>USD'000</i>      | <i>RMB'000</i>       |
|--|-----------------------------|---------------------|----------------------|
| (Unaudited)                                  |                             |                     |                      |
| <b>As at 1 January 2023</b>                  | 871,231,000                 | 8,712               | 59,973               |
| Exercise of share option ( <i>Note (a)</i> ) | <u>100,000</u>              | <u>1</u>            | <u>7</u>             |
| <b>As at 30 June 2023</b>                    | <u><u>871,331,000</u></u>   | <u><u>8,713</u></u> | <u><u>59,980</u></u> |
|  | <i>Number of<br/>shares</i> | <i>USD'000</i>      | <i>RMB'000</i>       |
| (Unaudited)                                  |                             |                     |                      |
| <b>As at 1 January 2022</b>                  | 870,134,000                 | 8,701               | 59,900               |
| Exercise of share option                     | <u>470,000</u>              | <u>5</u>            | <u>30</u>            |
| <b>As at 30 June 2022</b>                    | <u><u>870,604,000</u></u>   | <u><u>8,706</u></u> | <u><u>59,930</u></u> |

- (a) During the six months ended 30 June 2023, several employees under 2019 share option scheme subscribed 100,000 shares in total with exercise price of HKD6.18 per share. The Company received the net proceeds from exercise approximately HKD618,000 (equivalent to approximately RMB541,000).

## 16 DIVIDENDS

|  | <b>Six months<br/>ended<br/>30 June<br/>2023<br/>Unaudited<br/>RMB'000</b> | Year ended<br>31 December<br>2022<br>Audited<br>RMB'000 |
|--|--|---|
| Dividends declared by the Company ( <i>Note (a)</i> )                                  | <b>139,413</b>   | 134,944   |
| Dividends declared by subsidiaries to non-controlling interests<br>( <i>Note (b)</i> ) | <b>8,016</b>   | 2,883   |
|  | <b><u>147,429</u></b>  | <b><u>137,827</u></b>                                   |

The board of directors of the Company did not recommend payment of any interim dividend for the six months ended 30 June 2023.

- (a) A final dividend in respect of 2022 of RMB0.16 per ordinary share, amounting to RMB139,413,000 was approved at the annual general meeting of the Company held on 28 June 2023. The dividend is reflected as an appropriation of share premium. As of 30 June 2023, the dividend had not been paid yet.
- (b) Several subsidiaries of the Company declared RMB8,016,000 in total to non-controlling interests for the year ended 31 December 2022. As at 30 June 2023, the dividend amounting to RMB6,779,000 has been paid.

## 17 TRADE AND OTHER PAYABLES

|  | 30 June 2023            |                       | 31 December 2022        |                       |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
|  | Unaudited<br>RMB'000    |                       | Audited<br>RMB'000      |                       |
|  | Current                 | Non-current           | Current                 | Non-current           |
| Trade payables ( <i>Note (a)</i> )                           |                         |                       |                         |                       |
| — Third parties  | <u>494,062</u>          | <u>—</u>              | <u>532,722</u>          | <u>—</u>              |
| Other payables   |                         |                       |                         |                       |
| — Accrued expenses   | 281,516                 | —                     | 253,597                 | —                     |
| — Amounts collected on behalf of property owners             | 765,898                 | —                     | 731,469                 | —                     |
| — Fundings from non-controlling shareholders of subsidiaries | 31,500                  | —                     | —                       | —                     |
| — Consideration payables for acquisition of subsidiaries     | 35,822                  | 133,119               | 37,959                  | 105,398               |
| — Others   | <u>79,536</u>           | <u>—</u>              | <u>73,959</u>           | <u>—</u>              |
|  | <u>1,194,272</u>        | <u>133,119</u>        | <u>1,096,984</u>        | <u>105,398</u>        |
| Accrued payroll  | <u>275,188</u>          | <u>—</u>              | <u>307,534</u>          | <u>—</u>              |
| Other tax payables   | <u>121,976</u>          | <u>—</u>              | <u>106,043</u>          | <u>—</u>              |
|  | <u><b>2,085,498</b></u> | <u><b>133,119</b></u> | <u><b>2,043,283</b></u> | <u><b>105,398</b></u> |

- (a) As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables based on invoice date was as follows:

|               | 30 June<br>2023<br>Unaudited<br>RMB'000 | 31 December<br>2022<br>Audited<br>RMB'000 |
|---------------|---|---|
| Within 1 year | 457,409                                 | 500,035                                   |
| 1 to 2 years  | 22,517                                  | 20,018                                    |
| 2 to 3 years  | 12,242                                  | 11,244                                    |
| Over 3 years  | <u>1,894</u>                            | <u>1,425</u>                              |
|               | <u><b>494,062</b></u>                   | <u><b>532,722</b></u>                     |

- (b) As at 30 June 2023 and 31 December 2022, trade and other payables were denominated in RMB.

## **BUSINESS REVIEW**

The Group recorded revenue of approximately RMB2,681.1 million in the first half of 2023, representing a year-on-year increase of approximately 8.7%, which was mainly contributed by our property management services and community-related value-added services. Meanwhile, the Group's profit attributable to owners of the Company for the period reached approximately RMB293.8 million, representing a year-on-year increase of approximately 30.1% and indicating the Group's performance has returned to the growth track.

In terms of property management business, the Group's revenue therefrom reached approximately RMB1,694.1 million in the first half of 2023, representing a year-on-year increase of approximately 21.7%. As at 30 June 2023, our total gross floor area (the "GFA") under management reached approximately 208.5 million sq.m., and the total contracted GFA reached approximately 322.8 million sq.m., both indicators are growing continuously.

In terms of community-related value-added services, the Group's revenue therefrom reached approximately RMB708.1 million, representing a year-on-year increase of approximately 13.4%. The gross profit of this business segment reached approximately RMB240.3 million, accounting for approximately 33.5% of the Group's total gross profit. Our recurring business from community-related value added services segment led by catering service continued to maintain rapid growth. In the first half of 2023, we have succeeded in bidding for catering contracts of Shanghai Airport (Group) Limited, Tianjin Xiqing Traditional Chinese Medicine Hospital and Changzhou No. 2 People's Hospital etc.. In addition to the catering business, our facilities management services were also steadily advancing. To date, the number of elevators under our management has exceeded 37,000.

For other businesses, the demand for services from the real estate development industry was still dropping during the Reporting Period, and our revenue from both developer-related value-added services and smart community services had significantly decreased.

## **PROSPECTS**

In the first half of 2023, the downturn in the real estate industry continued to drag down the performance of some segments in our business, but the overall growth performance indicated that we have gradually got rid of the dependence on the real estate industry. The sustainable growth development path chosen by our Group is playing a role. We believe that such early consideration of long-term principles will ultimately have a positive impact on the Group's long-term performance and shareholder returns. Moreover, these measures and changes will be truthfully reflected in the financial statements over time. The future of our Group is worth looking forward to!

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a national residential property management service provider as well as a fast-growing comprehensive logistics service provider. In the first half of 2023, the impact of declining demand from developers on the business has not yet ended, but the Group had maintained its growth, and property management services and community-related value-added services, our two core segments, had both performed well under pressure.

### FINANCIAL REVIEW

#### Revenue

In the first half of 2023, the revenue of the Group amounted to approximately RMB2,681.1 million, representing an increase of 8.7% as compared to approximately RMB2,466.0 million for the corresponding period in 2022.

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 |             |                  |
|--|----------------------------------|-------------|------------------|
|  | 2023                             | Growth rate | 2022             |
|  | RMB'000                          | %           | RMB'000          |
| Property management services           | 1,694,125                        | 21.7        | 1,392,613        |
| Community-related value-added services | 708,091                          | 13.4        | 624,577          |
| Smart community services               | 119,977                          | -31.2       | 174,426          |
| Developer-related value-added services | 158,908                          | -42.1       | 274,345          |
| Total                                  | <u>2,681,101</u>                 | <u>8.7</u>  | <u>2,465,961</u> |

- *Property management services*

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

In the first half of 2023, the revenue from property management services of the Group amounted to approximately RMB1,694.1 million, representing an increase of approximately 21.7% as compared to approximately RMB1,392.6 million for the corresponding period in 2022, accounting for approximately 63.2% of the total revenue. As at 30 June 2023, the GFA under management of the Group was 208.5 million sq.m., of which the area attributable to third parties accounted for approximately 51.6%.

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

|               | As at and for the six months ended 30 June 2023 |                      |  |                                       |                  | As at and for the year ended 31 December 2022 |                      |  |
|---------------|---|----------------------|--|---------------------------------------|------------------|---|----------------------|--|
|               | GFA under management<br><i>thousand sq.m.</i>   | Area proportion<br>% | Proportion of revenue from property management services<br>% | Net increase<br><i>thousand sq.m.</i> | Growth rate<br>% | GFA under management<br><i>thousand sq.m.</i> | Area proportion<br>% | Proportion of revenue from property management services<br>% |
| Seazen Group  | 100,927   | 48.4                 | 57.6   | 5,524                                 | 5.8              | 95,403  | 48.1                 | 58.4   |
| Third parties | 107,600   | 51.6                 | 42.4   | 4,735                                 | 4.6              | 102,865                                       | 51.9                 | 41.6   |
| Total         | <u>208,527</u>                                  | <u>100.0</u>         | <u>100.0</u>   | <u>10,259</u>                         | <u>5.2</u>       | <u>198,268</u>                                | <u>100.0</u>         | <u>100.0</u>   |

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

|                                 | For the six months ended<br>30 June |                               |
|---------------------------------|-------------------------------------|-------------------------------|
|                                 | 2023<br><i>thousand sq.m.</i>       | 2022<br><i>thousand sq.m.</i> |
| At the beginning of the year    | 198,268                             | 153,531                       |
| Handover                        | 10,661                              | 18,779                        |
| Including                       |                                     |                               |
| <i>Handover — Seazen Group</i>  | 5,524                               | 3,976                         |
| <i>Handover — Third parties</i> | 5,137                               | 14,803                        |
| Termination                     | 402                                 | 107                           |
| At the end of the period        | <u>208,527</u>                      | <u>172,203</u>                |

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

|                        | As at 30 June 2023                        |                         |                                      |                     | As at 31 December 2022                       |                         |
|------------------------|---|-------------------------|--------------------------------------|---------------------|--|-------------------------|
|                        | GFA under management<br>thousand<br>sq.m. | Area<br>proportion<br>% | Net<br>increase<br>thousand<br>sq.m. | Growth<br>rate<br>% | GFA under<br>management<br>thousand<br>sq.m. | Area<br>proportion<br>% |
| Residential sector     | 157,046                                   | 75.3                    | 9,998                                | 6.8                 | 147,048                                      | 74.2                    |
| Non-residential sector | 51,481                                    | 24.7                    | 261                                  | 0.5                 | 51,220                                       | 25.8                    |
| Total                  | <u>208,527</u>                            | <u>100.0</u>            | <u>10,259</u>                        | <u>5.2</u>          | <u>198,268</u>                               | <u>100.0</u>            |

The contracted GFA of the Group was approximately 322.8 million sq.m., of which the area attributable to third parties accounted for approximately 48.3%. The Group has always maintained the enterprising spirit of searching for high-quality projects in the market, and the proportion of contracted GFA attributable to third-parties has shown an overall increasing trend.

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

|               | As at 30 June 2023                     |                         |                                      |                     | As at 31 December 2022                 |                         |
|---------------|--|-------------------------|--------------------------------------|---------------------|--|-------------------------|
|               | Contracted<br>GFA<br>thousand<br>sq.m. | Area<br>proportion<br>% | Net<br>increase<br>thousand<br>sq.m. | Growth<br>rate<br>% | Contracted<br>GFA<br>thousand<br>sq.m. | Area<br>proportion<br>% |
| Seazen Group  | 166,826                                | 51.7                    | 133                                  | 0.1                 | 166,693                                | 53.3                    |
| Third parties | 156,004                                | 48.3                    | 9,956                                | 6.8                 | 146,048                                | 46.7                    |
| Total         | <u>322,830</u>                         | <u>100.0</u>            | <u>10,089</u>                        | <u>3.2</u>          | <u>312,741</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 2023                     |                         |                                      |                     | As at 31 December 2022                 |                         |
|------------------------|--|-------------------------|--------------------------------------|---------------------|--|-------------------------|
|                        | Contracted<br>GFA<br>thousand<br>sq.m. | Area<br>proportion<br>% | Net<br>increase<br>thousand<br>sq.m. | Growth<br>rate<br>% | Contracted<br>GFA<br>thousand<br>sq.m. | Area<br>proportion<br>% |
| Residential sector     | 261,728                                | 81.1                    | 5,531                                | 2.2                 | 256,197                                | 81.9                    |
| Non-residential sector | 61,102                                 | 18.9                    | 4,558                                | 8.1                 | 56,544                                 | 18.1                    |
| Total                  | <u>322,830</u>                         | <u>100.0</u>            | <u>10,089</u>                        | <u>3.2</u>          | <u>312,741</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.

In the first half of 2023, the revenue from community-related value-added services amounted to approximately RMB708.1 million, representing an increase of approximately 13.4% as compared to approximately RMB624.6 million for the corresponding period in 2022, accounting for approximately 26.4% of the total revenue during the Reporting Period. During the Reporting Period, the revenue from value-added services related to the Group's great logistics grew continuously, accounting for approximately 49.8% of the revenue from community-related value-added services. In particular, the revenue from the catering services was approximately RMB222.1 million, representing a year-on-year increase of approximately 55.3%; and the revenue related to facility management services was approximately RMB130.7 million, representing a year-on-year increase of approximately 23.1%.

- **Smart community services**

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

In the first half of 2023, the revenue from smart community services of the Group amounted to approximately RMB120.0 million, representing a decrease of approximately 31.2% as compared to approximately RMB174.4 million for the corresponding period in 2022, accounting for approximately 4.5% of the total revenue during the Reporting Period.

- **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 Reporting Period, the revenue from developer-related value-added services amounted to approximately RMB158.9 million, representing a decrease of approximately 42.1% as compared to approximately RMB274.3 million for the corresponding period in 2022, accounting for approximately 5.9% of the total revenue during the Reporting Period.

### Cost of Sales and Services

During the Reporting Period, the cost of sales and services of the Group was approximately RMB1,963.5 million, representing an increase of approximately 12.2% as compared to approximately RMB1,749.8 million for the corresponding period in 2022. The increase in cost of sales and services was mainly due to the continued stable growth of the overall business scale of the Group.

### Gross Profit and Gross Profit Margin

|  | For the six months ended 30 June 2023 |                             |                                    |  | For the six months ended 30 June 2022 |                             |                                    |
|--|---------------------------------------|-----------------------------|------------------------------------|--|---------------------------------------|-----------------------------|------------------------------------|
|  | Gross profit<br>RMB'000               | Gross profit<br>margin<br>% | Percentage of<br>gross profit<br>% | Change in<br>gross profit<br>margin<br>ppt | Gross profit<br>RMB'000               | Gross profit<br>margin<br>% | Percentage of<br>gross profit<br>% |
| Property management services           | 418,218                               | 24.7                        | 58.3                               | -3.8                                       | 396,996                               | 28.5                        | 55.5                               |
| Community-related value-added services | 240,288                               | 33.9                        | 33.5                               | -1.2                                       | 219,098                               | 35.1                        | 30.6                               |
| Smart community services               | 19,318                                | 16.1                        | 2.7                                | 0.0  | 28,115                                | 16.1                        | 3.9                                |
| Developer-related value-added services | 39,750                                | 25.0                        | 5.5                                | -1.2                                       | 71,920                                | 26.2                        | 10.0                               |
| <b>Total</b>                           | <b>717,574</b>                        | <b>26.8</b>                 | <b>100.0</b>                       | <b>-2.2</b>                                | <b>716,129</b>                        | <b>29.0</b>                 | <b>100.0</b>                       |

The Group recorded gross profit of approximately RMB717.6 million for the six months ended 30 June 2023, representing a year-on-year increase of approximately 0.2% as compared to approximately RMB716.1 million for the corresponding period in 2022. Gross profit margin was approximately 26.8%, representing a decrease of 2.2 percentage points as compared to 29.0% for the corresponding period in 2022 and representing an increase of 1.0 percentage points as compared to the full year of 2022 (2022: 25.8%).

Gross profit of property management services was approximately RMB418.2 million, representing an increase of approximately 5.3% as compared to approximately RMB397.0 million for the corresponding period in 2022. Gross profit margin was approximately 24.7%, representing a year-on-year decrease of 3.8 percentage points, and representing an increase of 0.2 percentage points as compared to the full year of 2022 (2022: 24.5%).

Gross profit of community-related value-added services was approximately RMB240.3 million, representing an increase of approximately 9.7% as compared to approximately RMB219.1 million for the corresponding period in 2022. Gross profit margin was approximately 33.9%, representing a year-on-year decrease of 1.2 percentage points, and representing an increase of 1.7 percentage points as compared to the full year of 2022 (2022: 32.2%).

Gross profit of smart community services was approximately RMB19.3 million, representing a decrease of approximately 31.3% as compared to approximately RMB28.1 million for the corresponding period in 2022. Gross profit margin was approximately 16.1% and aligned with the corresponding period in 2022.

Gross profit of developer-related value-added services was approximately RMB39.8 million, representing a decrease of approximately 44.7% as compared to approximately RMB71.9 million for the corresponding period in 2022. Gross profit margin was approximately 25.0%, representing a decrease of 1.2 percentage points compared with the corresponding period last year.

### **Administrative Expenses**

Administrative expenses were approximately RMB215.3 million, representing an increase of approximately 3.1% as compared to approximately RMB208.8 million for the corresponding period in 2022. 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 Gains/(Losses) — Net**

The other gains of the Group were approximately RMB2.7 million, as compared to the other losses of approximately RMB120.5 million for the corresponding period in 2022, which was mainly due to the decrease of other losses from listed bonds denominated in US dollars.

## **Income Tax Expense**

Income tax expense amounted to approximately RMB90.5 million, representing an increase of approximately 7.1% as compared to approximately RMB84.5 million for the corresponding period in 2022. The increase in tax expense was mainly due to the increase in the Group's profit before income tax. The tax rate was approximately 21.3%, representing a decline as compared to approximately 24.7% for the corresponding period in 2022.

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

For the Group 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 2023, the Group did not make provision for Hong Kong profits tax accordingly.

## **Profit for the Period**

Profit for the Reporting Period of the Group was approximately RMB333.5 million, representing an increase of approximately 29.4% from approximately RMB257.7 million for the corresponding period in 2022; profit attributable to owners of the Company was approximately RMB293.8 million, representing an increase of approximately 30.1% as compared to that for the corresponding period in 2022; and net profit margin was approximately 12.4%, up by 1.9 percentage points over that for the corresponding period in 2022.

## **Gearing Ratio**

Our gearing ratio was calculated based on total borrowings divided by total equity as of the respective date. As at 30 June 2023, our gearing ratio is 0.3% (as at 31 December 2022: 0.1%).

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2023, the Group held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income of approximately RMB388.9 million and approximately RMB4.3 million respectively, accounting for approximately 5.9% in aggregate of the total assets of the Group as at 30 June 2023. 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 2023, the Group did not hold any significant investments. As at 30 June 2023, the Company had no plans for any significant investments in the future.

| Nature of investments   | As at 30 June 2023    |   | For the six months ended<br>30 June 2023                             |                         |
|---|-----------------------|---|--|-------------------------|
|   | Fair value<br>RMB'000 | Approximate<br>percentage of<br>the total assets<br>of the Group<br>% | Fair value<br>gains/(losses)<br>through profit<br>or loss<br>RMB'000 | Other income<br>RMB'000 |
| <b>Financial assets at fair value through profit or loss:</b> |                       |   |  |                         |
| Trust products and investment funds                           | 229,433               | 3.4   | 4,788  | 291                     |
| Listed bonds denominated in US dollars                        | 25,278                | 0.4   | (13,072)   | 2,722                   |
| Convertible loans and unlisted preference shares              | 134,183               | 2.0   | (740)  | 5,699                   |
| Total   | <u>388,894</u>        | <u>5.8</u>  | <u>(9,024)</u>   | <u>8,712</u>            |

| Nature of investments   | As at 30 June 2023    |   | For the six months ended<br>30 June 2023                 |                         |
|---|-----------------------|---|--|-------------------------|
|   | Fair value<br>RMB'000 | Approximate<br>percentage of<br>the total assets<br>of the Group<br>% | Accrued<br>expected credit<br>impairment loss<br>RMB'000 | Other income<br>RMB'000 |
| <b>Financial assets at fair value through other<br/>comprehensive income:</b> |                       |   |  |                         |
| Listed bonds denominated in US dollars  | <u>4,290</u>          | <u>0.1</u>  | <u>(1,706)</u>   | <u>—</u>                |

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 six months ended 30 June 2023. The Directors will continuously monitor the price movements and make fair value adjustments accordingly.

## PLEDGE OF ASSETS

As at 30 June 2023, the Group did not pledge any assets.

## FOREIGN EXCHANGE RISK

As at 30 June 2023, the cash balances held by the Group were as follows:

|       | <b>As at<br/>30 June<br/>2023<br/>RMB'000</b> | As at<br>31 December<br>2022<br>RMB'000 |
|-------|---|---|
| USD   | <b>23,560</b>                                 | 96,831                                  |
| RMB   | <b>1,840,025</b>                              | 1,860,514                               |
| HKD   | <b>151,900</b>                                | 16,351                                  |
| Total | <b><u>2,015,485</u></b>                       | <b><u>1,973,696</u></b>                 |

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 30 June 2023, 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 | Available | Net proceeds (RMB million)    |  | Unused as at 30 June 2023 | Expected time of using unused proceeds |
|--|------------|-----------|-------------------------------|--|---------------------------|--|
|  |            |           | Unused as at 31 December 2022 | Used as at six months ended 30 June 2023 |                           |  |
| Acquisition of property management companies   | 60%        | 518.6     | 69.5                          | 69.5                                     | —                         | Not applicable                         |
| Acquisition of downstream companies that are complementary to the Company's community-related value-added service business | 30%        | 259.3     | 61.6                          | 2.0                                      | 59.6                      | On or before 31 December 2023          |
| Upgrade of information technology infrastructure   | 10%        | 86.4      | —                             | —  | —                         | Not applicable                         |
| Total  | 100%       | 864.3     | 131.1                         | 71.5                                     | 59.6                      |  |

## INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2023.

## CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the 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 below 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 six months ended 30 June 2023. The Company will continue to review and enhance its corporate governance practices to ensure the compliance with the CG Code.

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 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 six months ended 30 June 2023.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2023, the trustee of the Share Award Scheme (as defined under the paragraph headed "Share Award Scheme" below in this announcement) purchased an aggregate of 700,000 shares 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 six months ended 30 June 2023.

## **SUBSEQUENT EVENT AFTER THE REPORTING PERIOD**

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

## **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 2023, the Company did not grant any share option under the Share Option Scheme.



## SHARE AWARD SCHEME

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

During the six months ended 30 June 2023, the Company granted a total of 2,100,000 award shares to certain employees under the Share Award Scheme to recognise their contributions to the Group.

## AUDIT COMMITTEE

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

The Audit Committee, together with the management, has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023.

## **PUBLICATION OF INTERIM RESULTS AND 2023 INTERIM REPORT**

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

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

The PRC, 25 August 2023

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

*As at the date of this announcement, the Board comprises Mr. Qi Xiaoming, Mr. 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.*