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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

ANNUAL RESULTS HIGHLIGHTS

In 2020, the revenue of the Group amounted to approximately RMB2,866.4 million, representing an increase of approximately 41.6% as compared to approximately RMB2,024.0 million for the corresponding period in 2019.

Among all business sectors of the Group, the revenue from property management services amounted to approximately RMB1,255.1 million, accounting for approximately 43.7% of revenue, representing an increase of approximately 47.8% as compared to approximately RMB849.0 million for the corresponding period in 2019; the revenue from community-related value-added services amounted to approximately RMB497.7 million, accounting for approximately 17.4% of revenue, representing an increase of approximately 118.6% as compared to approximately RMB227.7 million for the corresponding period in 2019; the revenue from smart community services amounted to approximately RMB388.9 million, accounting for approximately 13.6% of revenue, representing an increase of approximately 29.8% as compared to approximately RMB299.6 million for the corresponding period in 2019; the revenue from developer-related value-added services amounted to approximately RMB724.7 million, accounting for approximately 25.3% of revenue, representing an increase of approximately 11.9% as compared to approximately RMB647.7 million for the corresponding period in 2019.

The gross profit of the Group amounted to approximately RMB880.8 million, representing an increase of approximately 46.8% over approximately RMB599.9 million for the corresponding period in 2019. Gross profit margin was approximately 30.7%, up 1.1 percentage points over approximately 29.6% in the corresponding period of 2019. The profit for the year was approximately RMB489.1 million, an increase of approximately 62.0% in comparison with approximately RMB301.9 million for the corresponding period in 2019. Net profit attributable to owners of the Company amounted to approximately RMB452.4 million, growing approximately 60.4% over that for the corresponding period in 2019. Net profit margin was approximately 17.1%, up 2.2 percentage points over approximately 14.9% for the same period of last year.

As at 31 December 2020, the GFA under management of the Group was 101.4 million sq.m., representing a net increase of approximately 41.2 million sq.m. or approximately 68.6% as compared to the end of 2019, of which the area proportion from third parties was approximately 40.7%; the contracted GFA of the Group was approximately 203.1 million sq.m., representing a net increase of approximately 50.3 million sq.m. or 33.0% as compared to the end of 2019, of which the area proportion from third parties was approximately 32.0%.

In 2020, the net cash generated from operating activities of the Group amounted to approximately RMB787.0 million, equivalent to 1.61 times of the net profit, representing an increase of approximately 44.5% as compared to approximately RMB544.7 million for the corresponding period in 2019.

The Board recommends a final dividend of RMB0.275 per ordinary share of the Company for the year ended 31 December 2020.

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 2020, together with the comparative data for the corresponding period of the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Note</i>	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	<i>4</i>	2,866,447	2,024,026
Cost of sales and services	<i>4, 5</i>	(1,985,682)	(1,424,147)
Gross profit		880,765	599,879
Selling and marketing expenses	<i>5</i>	(23,197)	(11,349)
Administrative expenses	<i>5</i>	(258,238)	(233,891)
Net impairment losses on financial and contract assets		(20,581)	(10,324)
Other income	<i>6</i>	62,699	26,116
Other expenses		(4,255)	(867)
Other (loss)/gains – net		(23,035)	5,709
Operating profit		614,158	375,273
Finance income		22,556	17,118
Finance costs		(325)	(400)
Finance income – net	<i>7</i>	22,231	16,718

		For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
	<i>Note</i>		
Profit before income tax		636,389	391,991
Income tax expense	8	<u>(147,303)</u>	<u>(90,137)</u>
Profit for the year		489,086	301,854
Other comprehensive income		<u>–</u>	<u>–</u>
Total comprehensive income for the year		<u>489,086</u>	<u>301,854</u>
Profit is attributable to:			
– Owners of the Company		452,387	282,011
– Non-controlling interests		<u>36,699</u>	<u>19,843</u>
		<u>489,086</u>	<u>301,854</u>
Total comprehensive income is attributable to:			
– Owners of the Company		452,387	282,011
– Non-controlling interests		<u>36,699</u>	<u>19,843</u>
		<u>489,086</u>	<u>301,854</u>
Earnings per share(expressed in RMB)			
– Basic earnings per share	9	0.55	0.34
– Diluted earnings per share	9	<u>0.55</u>	<u>0.34</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		As at 31 December 2020 <i>RMB'000</i>	As at 31 December 2019 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		14,209	8,952
Right-of-use assets		10,043	11,427
Intangible assets		197,419	11,651
Deferred income tax assets		57,967	40,372
Deposits	11	7,893	3,534
Financial assets at fair value through other comprehensive income		1,000	1,660
Financial asset at fair value through profit or loss		40,145	70,000
Total non-current assets		<u>328,676</u>	<u>147,596</u>
Current assets			
Inventories		17,535	10,620
Contract assets		247,329	130,819
Financial asset at fair value through profit or loss		245,296	208,412
Trade receivables	10	356,568	262,767
Prepayments, deposits and other receivables	11	236,512	100,261
Cash and cash equivalents	12	1,882,136	1,339,092
Total current assets		<u>2,985,376</u>	<u>2,051,971</u>
Total assets		<u><u>3,314,052</u></u>	<u><u>2,199,567</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	13	56,641	56,508
Reserves		1,225,167	867,564
		1,281,808	924,072
Non-controlling interests		<u>127,781</u>	<u>42,798</u>
Total equity		<u>1,409,589</u>	<u>966,870</u>

	<i>Note</i>	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		3,420	3,873
Provisions		1,806	394
Deferred tax liabilities		42,751	13,428
Total non-current liabilities		47,977	17,695
Current liabilities			
Lease liabilities		1,157	3,827
Contract liabilities		628,073	390,342
Trade and other payables	<i>14</i>	1,134,655	773,760
Current income tax liabilities		92,601	47,073
Total current liabilities		1,856,486	1,215,002
Total liabilities		1,904,463	1,232,697
Total equity and liabilities		3,314,052	2,199,567
Net current assets		1,128,890	836,969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 GENERAL INFORMATION

S-Enjoy Service Group Co., 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 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“HKCO”).

(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 profit or loss and financial assets at fair value through other comprehensive income.

(iii) *New standard, amendments and interpretation adopted by the Group in 2020*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing from 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting
- Annual Improvements to HKFRS Standards 2018-2020 cycle
- Covid-19-Related Rent Concessions – amendments to HKFRS 16

The adoption of the above new standards, amendments and interpretation starting from 1 January 2020 did not give rise to any significant impact on the Group’s results of operations and financial position for the year ended 31 December 2020.

(iv) Impact of new standard and amendments issued but not yet adopted by the Group

Certain new accounting standard and amendments have been published but are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group. The other yet-to-be adopted new standard and amendments are not expected to have a material impact on the Group's financial statements when they become effective.

3 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 year ended 31 December 2020, the Group was principally engaged in the provision of property management services and value-added services, including property developer-related services, community-related services and 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 2020.

As at 31 December 2020 and 31 December 2019, all of the non-current assets of the Group were located in the PRC.

4 REVENUE AND COST OF SALES AND SERVICES

Revenue mainly comprises of proceeds from property management services and value-added services. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2020 and 2019 is as follows:

	For the year ended 31 December			
	2020		2019	
	RMB'000		RMB'000	
	Revenue	Cost of sales and services	Revenue	Cost of sales and services
Revenue from customers and recognised over time:				
Property management services	1,255,136	862,513	848,955	606,612
Value-added services:				
– Property developer-related services	724,731	514,284	647,748	467,320
– Community-related services	235,897	130,782	108,368	36,458
– Smart community services	388,920	325,239	299,622	251,449
	<u>2,604,684</u>	<u>1,832,818</u>	<u>1,904,693</u>	<u>1,361,839</u>
Revenue from customers recognised at a point in time				
Value-added services:				
– Community-related services	261,763	152,864	119,333	62,308
	<u>2,866,447</u>	<u>1,985,682</u>	<u>2,024,026</u>	<u>1,424,147</u>

5 EXPENSES BY NATURE

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Employee benefit expenses	742,038	587,848
Outsourced security, greening and cleaning costs	682,273	552,600
Raw material and components used	616,679	368,736
Utilities	82,783	49,672
Office expenses	33,551	23,778
Professional fees	16,461	12,949
Travelling expenses	29,401	23,787
Taxes and surcharges	14,743	13,373
Depreciation and amortisation charges	15,504	9,784
Employee uniform and related expenses	10,920	7,283
Business entertainment expenses	8,212	6,320
Bank charges	6,789	5,446
Auditor's remuneration	2,750	2,580
<i>Including: Audit services</i>	2,650	2,480
<i>Including: Non-audit services</i>	100	100
Operating lease payments	134	137
Advertising & Promotion expenses	2,198	1,171
Others	2,681	3,923
	2,267,117	1,669,387

6 OTHER INCOME

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income from financial assets at fair value through profit or loss	38,487	15,450
Government grants	17,582	8,874
Others	6,630	1,792
	62,699	26,116

7 FINANCE INCOME AND COSTS

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income on cash and cash equivalents	22,556	17,118
Interest and finance charges paid/payable for lease liabilities	(325)	(400)
Finance income – net	22,231	16,718

8 INCOME TAX EXPENSE

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	146,323	97,507
Deferred income tax		
– PRC corporate income tax	980	(7,370)
	<u>147,303</u>	<u>90,137</u>

(a) Cayman Island income tax

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

(b) British Virgin Islands income tax

British Virgin Islands (“BVI”) income tax under the current laws of BVI, our subsidiaries incorporated in BVI and all dividends, interest, rents, royalties, compensation and other amounts paid by such subsidiaries incorporated in the BVI to persons who are not resident in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of such subsidiaries incorporated in the BVI by person 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 year ended 2020 (2019: 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. (“Chengyue Times”) and Xinchengyue (Chengdu) Property Management Co., Ltd. (“Xinchengyue (Chengdu)”), as Chengdu registered companies, are entitled to a preferential tax rate of 15%.

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	
	2020	2019
Earnings:		
Profit attributable to owners of the Company		
used in the basic earnings per share calculation (RMB'000)	452,387	282,011
Number of shares:		
Weighted average number of ordinary shares in issue		
during the year per share calculation (in thousand)	818,625	819,028
Basic earnings per share for profit attributable to the		
owners of the Company during the year (expressed in RMB)	<u>0.55</u>	<u>0.34</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's share-based payment is of dilutive potential.

	For the year ended 31 December	
	2020	2019
Earnings:		
Profit attributable to owners of the Company used in the		
diluted earnings per share calculation (RMB'000)	452,387	282,011
Number of shares:		
Weighted average number of ordinary shares in issue		
during the year per share calculation (in thousand)	818,625	819,028
Add: number of dilutive shares (in thousand)	9,145	1,535
Weighted average number of ordinary shares in issue and		
potential ordinary shares used as the denominator in		
calculating diluted earnings per share (in thousand)	827,770	820,563
Diluted earnings per share for profit attributable to the		
owners of the Company during the year (expressed in RMB)	<u>0.55</u>	<u>0.34</u>

10 TRADE RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables (<i>Note (a)</i>)		
– Related parties	137,529	165,481
– Third parties	271,436	138,449
	<u>408,965</u>	<u>303,930</u>
Less: allowance for impairment of trade receivables	(52,397)	(41,163)
	<u><u>356,568</u></u>	<u><u>262,767</u></u>

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

As at 31 December 2020 and 2019, the ageing analysis of the trade receivables based on invoice date are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	322,693	246,799
1 to 2 years	47,629	26,175
2 to 3 years	26,081	12,143
3 to 4 years	6,312	7,763
4 to 5 years	2,392	2,754
Over 5 years	3,858	8,296
	<u><u>408,965</u></u>	<u><u>303,930</u></u>

As at 31 December 2020 and 2019, 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 2020 and 2019, no trade receivables of the Group was pledged to secure borrowings granted to the Group.

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			
	2020		2019	
	RMB'000		RMB'000	
	Current	Non-current	Current	Non-current
Prepayments				
– Utilities and outsourced services	42,869	–	37,219	–
– Raw materials for engineering and maintenance services	6,193	–	3,375	–
Subtotal	49,062	–	40,594	–
Input VAT to be deducted	6,845	–	4,010	–
Deposits (a)	132,344	8,000	26,016	3,570
Other receivables				
– Payments on behalf of property owners (b)	53,969	–	32,792	–
– Other	14,378	–	9,697	–
Subtotal	68,347	–	42,489	–
Total	256,598	8,000	113,109	3,570
Less: allowance for impairment of other receivables and deposits	(20,086)	(107)	(12,848)	(36)
	<u>236,512</u>	<u>7,893</u>	<u>100,261</u>	<u>3,534</u>

(a) As at 31 December 2020 and 2019, deposits mainly included deposits made with government related bodies for providing property management services and deposits made with garage owners to secure the agent role for sale of the garages.

(b) As at 31 December 2020 and 2019, the amounts represented the payments on behalf of property owners in respect of mainly utilities and elevator maintenance costs of the properties.

As at 31 December 2020 and 2019, deposits and other receivables were denominated in RMB.

12 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash on hand	135	5
Cash in banks	1,862,573	1,323,494
Cash in payment platforms	19,428	15,593
	<u>1,882,136</u>	<u>1,339,092</u>

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
USD	28,644	1,188
RMB	1,830,031	1,104,032
HKD	23,461	233,872
	1,882,136	1,339,092

13 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 31 December 2020, the authorised share was 10,000,000,000 shares at par value of USD0.01.

Ordinary shares, issued and fully paid:

	Number of shares	USD' 000	RMB' 000
At 1 January 2020	818,100,000	8,181	56,508
Issuance of ordinary shares (<i>Note</i>)	<u>1,949,000</u>	<u>19</u>	<u>133</u>
At 31 December 2020	<u>820,049,000</u>	<u>8,200</u>	<u>56,641</u>

Note: During the year ended 31 December 2020, the Company issued 1,949,000 shares at HKD12,045,000 (equivalent to RMB10,554,000 approximately) as certain employees of the Group exercised their options under 2019 Share Option Scheme.

14 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables (<i>Note (a)</i>)		
– Third parties	<u>296,887</u>	<u>254,192</u>
Other payables		
– Accrued expenses	113,572	43,328
– Amounts collected on behalf of property owners	448,694	301,852
– Consideration payable for acquisition of subsidiaries	28,853	–
– Others	<u>14,096</u>	<u>8,347</u>
	605,215	353,527
Accrued payroll	<u>178,204</u>	<u>137,752</u>
Other tax payables	<u>54,349</u>	<u>28,289</u>
	1,134,655	773,760

- (a) At 31 December 2020 and 2019, the ageing analysis of the trade payables based on invoice date were are follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	294,386	252,864
1 to 2 years	1,400	722
2 to 3 years	523	241
Over 3 years	578	365
	296,887	254,192

15 DIVIDENDS

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Dividends	147,258	82,000

A final dividend in respect of 2019 of RMB0.18 per ordinary share, amounting to RMB147,258,000 was approved at the annual general meeting of the Company held on 18 June 2020. The dividend is reflected as an appropriation of share premium. As of 31 December 2020, the dividend had been fully paid.

At a Board meeting held on 12 March 2021, the directors proposed a final dividend for 2020 of RMB0.275 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 ending 31 December 2021 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

16 SUBSEQUENT EVENT

- (i) In January 2021, the Company issued 921,000 ordinary shares at approximately HKD5,692,000 as 921,000 options under 2019 Share Option Scheme were exercised.
- (ii) In February 2021, the Group entered into an asset acquisition agreement with a subsidiary of Seazen Group Limited (an entity controlled by Mr. Wang), and agreed to acquire assets (including courier lockers and their spare parts inventory and intangible assets relating to courier lockers) from Seazen Group Limited at a consideration of RMB32,931,300.

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 2020.

The outbreak of Coronavirus Disease (the “**COVID-19 outbreak**”) spread across the world in 2020 has led to global economy recession, heavy restriction of personnel activities, and caused severe impact on the business activities of a large number of companies. In China, all levels of government took forceful measures to curb the spread of the COVID-19 outbreak. The epidemic situation became under effective control across the country in March 2020, with businesses gradually resumed operations. During the course of combating the COVID-19 outbreak in China, the Group actively cooperated with the municipal governments and implemented effective community management measures, preventing the COVID-19 outbreak from spreading in the communities under our management. We also prepared sufficient protective equipment and provided relevant training for our employees, achieving zero infection among our property management service staff. In recognition of the Group’s excellent efforts to combat the COVID-19 outbreak, the Company’s various branches and some of its outstanding employees received awards from property management associations and local governments, such as the “Epidemic-Fighting Contribution Award”, “Advanced Prevention and Control Unit”, and “Property Hero”.

Despite the uncertainties in the macro environment, the Group has managed to achieve rapid growth in 2020. The Company’s property management scale and net profit both increased by more than 60%. At the same time, the Company won recognition across the industry and received a number of awards from the China Property Management Institute, China Index Academy and China Property Management Research Institution in 2020, such as “Top 10 Listed Property Management Service Companies in 2020”, “11th among Top 100 Property Management Service Companies in China in 2020”, “Top 30 Property Management Service Companies in China by Epidemic-Fighting Satisfaction in 2020”, “Leading Property Management Service Companies in Growth in 2020”, and “Top 20 Property Management Service Companies in China by Digital Capability in 2020”.

BUSINESS REVIEW

In 2020, the Company continued its implementation of the “one core and two increments” strategy to achieve high-quality growth. With respect to “one core” (i.e. the “property management service”), the Company further affirmed the provision of butler services by way of grid management and improved the training, evaluation and promotion mechanism for butlers by implementing the “Butler 4.0” system. The Company completed the development of the “smart platform”, integrating business, management and financial data of all of its property management projects into one platform and achieving full-process closed-loop management of business response and management supervision. With respect to “quantitative increment”, the Company’s headquarter, and regional branches held discussions to develop strategies for each region, i.e. “one strategy for one city”, further affirmed the local expansion strategy for regional branches. On the other hand, the headquarter also set up an M&A team to identify mergers and acquisitions opportunities via various channels. In 2020, it achieved breakthroughs via acquiring Chengdu Chengyue Times Property Services Ltd (成都誠悅時代物業服務有限公司) (“**Chengyue Times**”) and Dalian Hua’an Property Management Co., Ltd. (大連華安物業管理有限公司) (“**Dalian Hua’an**”). With respect to “value increment”, after an in-depth study of the industry, the Company identified facilities and equipment management and group dining as its new business directions, laying the foundation for the growth of the Group’s value-added services in the years ahead. In terms of smart community business, the Company clarified its strategy of expanding via third-party projects and rolled out several upscale projects. The Group achieved decent results with the implementation of the aforementioned strategies and measures. In 2020, the Group’s revenue amounted to approximately RMB2,866.4 million, representing a year-on-year increase of approximately 41.6%, mainly attributable to a year-on-year increase of approximately 47.8% in revenue from property management services to approximately RMB1,255.1 million and a year-on-year increase of approximately 118.6% from community-related value-added services to approximately RMB497.7 million. In 2020, the Group’s net profit amounted to approximately RMB489.1 million, representing a year-on-year increase of approximately 62.0%. Net profit attributable to owners of the Company reached approximately RMB452.4 million, representing a year-on-year increase of approximately 60.4%. Profitability of the Group in 2020 has also been further enhanced. Its overall gross profit margin increased by 1.1 percentage points to approximately 30.7% compared with 2019, while its net profit margin increased by 2.2 percentage points to approximately 17.1% compared with 2019.

With regard to property management service business, the Group's revenue from property management services amounted to approximately RMB1,255.1 million in 2020, representing a year-on-year increase of approximately 47.8%. As of the end of 2020, gross floor area ("GFA") under management of the Company reached approximately 101.4 million sq.m., representing a year-on-year increase of approximately 68.6%, and contracted GFA reached approximately 203.1 million sq.m., representing a year-on-year increase of approximately 33.0%. The rapid growth in the Company's revenue from property management services was attributable to the rapid increase in GFA under management in 2019, while the further acceleration in the increase in GFA under management in 2020 will lay the foundation for the rapid growth in revenue from property management services in 2021. In 2020, the Company completed its first and second acquisitions since listing. It has acquired Chengyue Times in May 2020 and Dalian Hua'an in November 2020, adding approximately 16 million sq.m. in GFA under management. More importantly, the Company achieved a strategic layout in the office building and industrial park ecosystem by acquiring Chengyue Times and achieved a strategic layout in the Bohai Rim by taking over Dalian Hua'an. In 2020, we stepped up efforts to push ahead with the strategy of expanding via third-party projects, majority of which are new housing development projects. We completed project expansion of approximately 19 million sq.m. (including contracted GFA signed by the joint ventures set up in 2019 or 2020), which is nearly twice of the figure in 2019. In 2020, gross profit margin of our property management services increased significantly by 2.8 percentage points to approximately 31.3%. It was mainly attributable to the Company's enhanced management efficiency as a result of management model reform and application of technologies.

With regard to community-related value-added services, the Group's revenue from community value-added services amounted to approximately RMB497.7 million in 2020, representing a year-on-year increase of approximately 118.6%, accounting for approximately 17.4% of the total revenue of the Group. Gross profit for this sector reached approximately RMB214.0 million, accounting for approximately 24.3% of the total gross profit of the Group, which made it the second largest source of profit. The rapid increase in both revenue and gross profit from community-related value-added services was mainly attributable to the fast growth in the Company's mature ready-to-move-in business sector and the following two factors: 1) the Company entered the group dining sector by acquiring Chengyue Times. The catering services contributed approximately RMB49.0 million to the Company's revenue in 2020; 2) the Company offered various types of facility and equipment services to advanced communities, such as elevator maintenance and repairs, renovation and maintenance of facilities and equipment in public areas and construction projects, and household facilities repair services for property owners. Such business sectors contributed approximately RMB74.2 million to the Company's revenue in 2020.

With regard to other value-added services, revenue from smart community services amounted to approximately RMB388.9 million in 2020, representing a year-on-year increase of approximately 29.8%. Revenue from developer-related value-added services reached approximately RMB724.7 million, representing a year-on-year increase of approximately 11.9%. The smart community service sector started to undertake third-party projects in 2020. It undertook a total of eight projects in the year, with an aggregate contractual value of approximately RMB74.9 million. These 8 projects include an upscale shopping center in a core area of Shanghai and an international five-star hotel in Shenzhen. At the beginning of 2021, we received another encouraging news: Jiangsu Ruohong Intelligent Technology Co., Ltd., (江蘇若鴻智能科技有限公司) a subsidiary of the Group, had completed the filling as a "High and New Technology Enterprise". In the future, smart community services of the Group could enjoy a more favorable tax rate, which is conducive to improve the profit margin of the corresponding sector.

PROSPECTS

At the end of 2020, several central government ministries including the Ministry of Housing and Urban-Rural Development and the Communist Party's Central Committee jointly issued the Circular on Strengthening and Improving Residential Property Management Work. This policy is set to have a profound impact on the industry. It puts forward systematic solutions to dilemmas faced by the residential property management industry in terms of integrating property companies into the grass-roots social governing system, improving governance structure of the property owners association, enhancing property management capability, promoting the development of the life service industry, regulating the use and management of the maintenance fund, and strengthening property management service supervision and management. This policy shall facilitate a healthier development of the industry and will be beneficial for property management companies with mature management systems and certified service quality to enjoy better development opportunities. We will fully utilize favorable policies to continually improve service quality, contribute to the governance of the grass-roots society, and achieve high-quality growth in the scale of the Company.

In 2021, the Group will continue to implement the “one core and two increments” strategy to achieve high-quality growth. With regard to third-party project expansion, we will continue to focus on expanding projects, mainly new projects, while carrying out high-quality M&As aimed at introducing new business sectors and increasing regional density. We will strive to introduce one new property management business sector and ramp up efforts to expand projects of office buildings and industrial parks. With regard to community-related value-added services, we will promote the rapid and healthy development of emerging businesses such as facilities and equipment management, group dining, and real estate agency by designing appropriate systems. In terms of management system, in 2021, our “project partner” mechanism will cover all the projects of the Company, so as to fully incentivize front-line management teams and allow them to share their achievements.

The Company's management team is confident, capable and competent to help the Company maintain its high-quality growth, create more professional development opportunities for our employees, and continue to create value for our shareholders.

S-Enjoy Service Group Co., Limited
Qi Xiaoming
Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a fast-growing national property management service provider and has been ranked among the Leading Growth Enterprises of the Top 100 Property Management Service Providers in China selected by China Index Academy. At the same time, the Group ranked 11th among the Top 100 Property Management Service Providers in China in 2020, and moved up two places from 2019, further consolidating its position in the industry. 2020 is a year during which the Group has recorded rapid growth and our net GFA under management increased by more than 40 million square meters during the year, becoming a property management service provider with GFA under management over 100 million sq.m.. The COVID-19 outbreak was very severe in the first quarter of 2020, which has adversely affected the lifestyle of our owners and the economic development of the entire society, thus the Group faced great challenge in terms of the value-added services and cost management. Fortunately, the COVID-19 outbreak was quickly under control, together with the favoured policy and the efforts of each team among the Group, our performance has maintained a very fast growth momentum.

FINANCIAL REVIEW

Revenue

In 2020, the revenue of the Group amounted to approximately RMB2,866.4 million, representing an increase of 41.6% from approximately RMB2,024.0 million for the corresponding period in 2019.

The revenue of the Group is derived from four sectors: (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		
	2020	2019	Growth rate
	RMB' 000	RMB' 000	%
Property management services	1,255,136	848,955	47.8
Community-related value-added services	497,660	227,701	118.6
Smart community services	388,920	299,622	29.8
Developer-related value-added services	724,731	647,748	11.9
Total	<u>2,866,447</u>	<u>2,024,026</u>	<u>41.6</u>

• *Property management services*

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

In 2020, revenue from property management services of the Group amounted to approximately RMB1,255.1 million, accounting for approximately 43.7% of the total revenue of the Group, representing an increase of approximately 47.8% as compared to approximately RMB849.0 million for the corresponding period in 2019. Leveraging on its well-defined strategic planning and strong execution ability, the size of the GFA under management of the Group is increasing rapidly. As at 31 December 2020, the GFA under management of the Group was approximately 101.4 million sq.m., representing a net increase of approximately 41.2 million sq.m. or approximately 68.6% from the end of 2019. The GFA under management from third parties accounted for approximately 40.7 %.

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

	For the year ended 31 December 2020					For the year ended 31 December 2019		
	GFA under management <i>thousand sq.m.</i>	Area proportion <i>%</i>	Percentage of revenue from property management services <i>%</i>	Net increase <i>thousand sq.m.</i>	Growth rate <i>%</i>	GFA under management <i>thousand sq.m.</i>	Area proportion <i>%</i>	Percentage of revenue from property management services <i>%</i>
Seazen Group	60,152	59.3	72.2	17,355	40.6	42,797	71.1	77.5
Third parties	41,263	40.7	27.8	23,908	137.8	17,355	28.9	22.5
Total	<u>101,415</u>	<u>100.0</u>	<u>100.0</u>	<u>41,263</u>	<u>68.6</u>	<u>60,152</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	
	2020 <i>thousand sq.m.</i>	2019 <i>thousand sq.m.</i>
At the beginning of the year	60,152	42,887
Handover	44,303	18,524
Including:		
Handover – Seazen Group	17,575	12,350
Handover – Third parties	26,728	6,174
Termination	<u>3,040</u>	<u>1,259</u>
At the end of the year	<u>101,415</u>	<u>60,152</u>

The following table sets forth the regional distribution of the GFA under management of the Group:

Region	As at or for the year ended 31 December 2020			As at or for the year ended 31 December 2019	
	GFA under management <i>thousand sq.m.</i>	Percentage of GFA under management %	Percentage of revenue from property management services %	Percentage of GFA under management %	Percentage of revenue from property management services %
Yangtze River Delta	61,764	60.9	70.8	88.3	80.8
Of which: Jiangsu Province	46,185	45.5	49.7	58.9	60.7
Bohai Rim	11,694	11.5	4.8	2.2	3.7
Midwest	20,723	20.4	18.3	11.5	12.5
Pearl River Delta	890	0.9	0.8	0.1	0.5
Other regions	6,344	6.3	5.3	2.9	2.5
Total	<u>101,415</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Notes: Yangtze River Delta includes: Jiangsu, Shanghai and Zhejiang

Bohai Rim includes: Shandong, Tianjin, Beijing, Liaoning and Hebei

Midwest includes: Anhui, Jiangxi, Hunan, Hubei, Henan, Shaanxi, Shanxi, Sichuan and Chongqing

Pearl River Delta includes: Guangdong

The contracted GFA of the Group amounted to approximately 203.1 million sq.m., representing a net increase of approximately 50.3 million sq.m. or 33.0% from the end of 2019, among which the contracted GFA from third parties accounted for approximately 32.0%. The proportion of GFA from third parties increased rapidly during the year, we accomplished a total of approximately 36.0 million sq.m. of third party project expansion in 2020, of which approximately 55% was from direct expansion through bidding and direct cooperation. Contracted GFA from new projects accounted for more than 80% of direct expansion projects in the year, and the quality and future profitability of these projects were excellent, realizing the above achievement for two years in a row.

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

	For the year ended 31 December 2020				For the year ended 31 December 2019	
	Contracted GFA <i>thousand sq.m.</i>	Area proportion %	Net increase <i>thousand sq.m.</i>	Growth rate %	Contracted GFA <i>thousand sq.m.</i>	Area proportion %
Seazen Group	138,194	68.0	18,781	15.7	119,413	78.2
Third parties	64,944	32.0	31,580	94.7	33,364	21.8
Total	<u>203,138</u>	<u>100.0</u>	<u>50,361</u>	<u>33.0</u>	<u>152,777</u>	<u>100.0</u>

The following table sets forth the regional distribution of the contracted GFA of the Group:

Region	Contracted GFA <i>thousand sq.m.</i>	As at 31 December 2020	As at 31 December 2019
		Percentage of contracted GFA %	Percentage of contracted GFA %
Yangtze River Delta	95,510	47.0	55.7
Of which: Jiangsu Province	71,406	35.2	42.4
Bohai Rim	28,818	14.2	10.0
Midwest	51,716	25.5	22.9
Pearl River Delta	5,586	2.7	3.5
Other regions	21,508	10.6	7.9
Total	203,138	100.0	100.0

In terms of contracted GFA, the major cities in which the Group operates by management scale on single-city basis include Changzhou, Suzhou and Chengdu, with contracted GFA of approximately 27.0 million sq.m., 11.2 million sq.m. and 5.7 million sq.m. respectively. In the future, the Group will strive to further enhance management scale and project concentration in a single city.

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

We provide public resources management services, facility and equipment services, extensive decoration services, asset management services, catering services and various other home living services to property owners and customers.

Community-related value-added services is the sector with fastest growth within the Group, with revenue amounting to approximately RMB497.7 million in 2020, accounting for approximately 17.4% of the Group's total revenue, representing an increase of 118.6% as compared to approximately RMB227.7 million in the corresponding period in 2019. During the year, community-related value-added services of the Group have developed in a more professional, more diverse and more balanced way.

More professional - in terms of the relatively mature services including ready-to-move-in services, assets management and public resources management, the Group has built a team comprising of dedicated, hard-working and highly professional members, to help the above services to achieve significant growth in 2020. Revenue from Xinchengju*(新橙居), the ready-to-move-in service brand of the Group, amounted to approximately RMB156.0 million in 2020, representing a year-on-year increase of approximately 95.5% as compared to 2019, which was currently the largest contributor in terms of revenue from community-related value-added services and accounted for approximately 31.3%.

More diverse - during the year, the Group has made active deployment in community life service, facility and equipment services and other rear service, further expanded its coverage of community-related value-added services and developed the ability to provide service for customers in residential, corporate and governmental sector at the same time. Revenue from Xinchengshe* (新橙社), a brand related to retail service of the Group, amounted to approximately RMB63.7 million in 2020, representing a year-on-year increase of approximately 426.5% as compared to 2019. As a result of such significant increase, the proportion of such service in revenue from community-related value-added services increased quickly to 12.8% as well. In addition, revenue from catering services and facility and equipment services of the Group reached approximately RMB49.0 million and approximately RMB74.2 million respectively, demonstrating a promising economic scale.

More balanced - with the development of our business, the proportion of revenue from non-cyclical business in revenue from community-related value-added services of the Group increased rapidly, amounting to approximately 51.6%.

- ***Smart community services***

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

Revenue from smart community services of the Group amounted to approximately RMB388.9 million in 2020, accounting for approximately 13.6% of the total revenue of the Group, representing an increase of 29.8% as compared to approximately RMB299.6 million for the corresponding period in 2019. During the year, the Group conducted third party expansion of smart community services for the first time, and participated in 8 projects for the whole year. The aggregate value of contracts signed through third party expansion amounted to approximately RMB74.9 million, accounting for approximately 13.3% of the aggregate value of contracts signed during the year.

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

We mainly provide three types of developer-related value-added services, namely on-site sale assistance services, consulting services and house inspection services.

During the year, revenue from developer-related value-added services amounted to approximately RMB724.7 million, accounting for approximately 25.3% of the total revenue of the Group, representing an increase of 11.9% as compared to approximately RMB647.7 million for the corresponding period in 2019.

Cost of sales and services

During the year, the cost of sales and services of the Group was approximately RMB1,985.7 million, representing an increase of approximately 39.4% as compared to approximately RMB1,424.1 million for the corresponding period in 2019. The increase in cost of sales and services was mainly due to the rapid growth of the business scale of the Group.

Gross profit and gross profit margin

	For the year ended 31 December 2020				For the year ended 31 December 2019		
	Gross profit <i>RMB' 000</i>	Gross profit margin %	Percentage of gross profit %	Change in gross profit margin <i>ppt</i>	Gross profit <i>RMB' 000</i>	Gross profit margin %	Percentage of gross profit %
Property management services	392,623	31.3	44.6	2.8	242,343	28.5	40.4
Community-related value-added services	214,014	43.0	24.3	-13.6	128,935	56.6	21.5
Smart community services	63,681	16.4	7.2	0.3	48,173	16.1	8.0
Developer-related value-added services	210,447	29.0	23.9	1.1	180,428	27.9	30.1
Total	<u>880,765</u>	<u>30.7</u>	<u>100.0</u>	<u>1.1</u>	<u>599,879</u>	<u>29.6</u>	<u>100.0</u>

The Group recorded gross profit of approximately RMB880.8 million for the year ended 31 December 2020, representing a year-on-year increase of approximately 46.8% as compared to approximately RMB599.9 million in 2019. Gross profit margin was 30.7%, representing an increase of 1.1 percentage points as compared to 29.6% in 2019.

Gross profit of property management services was approximately RMB392.6 million, representing an increase of approximately 62.0% as compared to approximately RMB242.3 million in 2019. Gross profit margin increased by 2.8 percentage points to approximately 31.3% from approximately 28.5% in 2019.

Gross profit from community-related value-added services amounted to approximately RMB214.0 million, representing an increase of approximately 66.0% as compared to approximately RMB129.0 million in 2019. Gross profit margin decreased by 13.6 percentage points to approximately 43.0% from approximately 56.6% in 2019. With the further development of community value-added services, such business has become the second largest contributor of profit for the Group. Among revenue from community-related value-added services, the proportion of revenue from businesses with lower profit margin increased, resulting in a lower profit margin of this sector.

Gross profit of our smart community services was approximately RMB63.7 million, representing an increase of approximately 32.2% as compared to approximately RMB48.2 million in 2019. Gross profit margin increased by 0.3 percentage points to approximately 16.4% from approximately 16.1% in 2019.

Gross profit of our developer-related value-added services was approximately RMB210.4 million, representing an increase of approximately 16.6% as compared to approximately RMB180.4 million in 2019. Gross profit margin increased by 1.1 percentage points to approximately 29.0% from approximately 27.9% in 2019.

Administrative expenses

Administrative expenses were approximately RMB258.2 million, representing an increase of approximately 10.4% as compared with approximately RMB233.9 million in 2019. Such growth rate was lower than that of the Group's revenue, mainly due to the implementation of sound cost control measures and the enhancement of the Group's operating efficiency.

Other (loss)/gains – net

Other loss of the Group amounted to approximately RMB23.0 million, while its other gains amounted to approximately RMB5.7 million in 2019. Such change was mainly due to the fluctuations of exchange rates during the year.

Income tax expense

Income tax amounted to approximately RMB147.3 million, representing an increase of approximately 63.4% as compared to approximately RMB90.1 million in 2019. The increase in tax expense was mainly due to the continuous growth of the Group's profit before income tax. The tax rate was approximately 23.2% which was slightly higher as compared to approximately 23.0% in 2019.

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 2020, 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 RMB489.1 million, representing an increase of approximately 62.0% from approximately RMB301.9 million in 2019; profit attributable to owners of the Company was approximately RMB452.4 million, representing an increase of approximately 60.4% as compared to that in 2019; and net profit margin was approximately 17.1%, up 2.2 percentage points over that in 2019.

Trade receivables

Trade receivables amounted to approximately RMB356.6 million, representing an increase of approximately 35.7% as compared to approximately RMB262.8 million at the end of last year, which was mainly due to the rapid growth of business scale. The trade receivables of the Group have always been in a healthy position.

Material Acquisition and Disposal

Acquisition of shares in Chengyue Times

On 7 May 2020, Tibet Xinchengyue Property Services Co., Ltd.* (西藏新城悅物業服務股份有限公司) (“**Tibet Xinchengyue**”), a subsidiary of the Group, entered into the Equity Interest Purchase Agreement in relation to the acquisition of Chengyue Times for a consideration of approximately RMB104.6 million to acquire 61.5% shares of Chengyue Times. The consideration was determined after arm’s length negotiations among the parties to the Equity Interest Purchase Agreement after taking into account, among other things, the historical financial performance of the target company, the valuation of comparable transactions and the growth potential of the target company under the prevailing market conditions. The Group has financed the consideration by the internal financial resources of the Group.

The acquisition will further enhance the Group’s management capabilities in commercial office buildings, corporate headquarters and science parks, and create more business opportunities in non-residential areas. Through the acquisition, the Company’s market share and brand influence in the Sichuan and Chongqing markets will be further strengthened. For details of the acquisition, please refer to the announcement of the Company dated 7 May 2020.

Acquisition of shares in Dalian Hua’an

On 9 November 2020, Tibet Xinchengyue entered into an equity transfer agreement in relation to acquisition of shares in Dalian Hua’an, in order to acquire 60% of shares in Dalian Hua’an with a consideration of approximately RMB62.9 million. The consideration was agreed after arm’s length negotiations among the parties to the equity transfer agreement having considered, among other things, the historical financial performance of the target group, the valuation of comparable transactions and the development potential of the target company with reference to the prevailing market conditions. The Group made payment of the consideration by the Group’s internal financial resources.

The acquisition will further improve management capabilities of the Group for residential areas. Through this acquisition, the Group could further enhance its market share and brand influence in the Bohai Rim area. For details regarding the acquisition, please refer to the announcement of the Company dated 9 November 2020.

Significant Investments

As at 31 December 2020, the Group held financial assets at fair value through profit or loss of approximately RMB285.4 million, accounting for approximately 8.6% of the total assets of the Group as at 31 December 2020. Such financial assets 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 financial assets held by the Group are of low risk and stable return, and will continue to maintain such investment style and improve our capital utilization rate in the future. 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 2020, the Group did not have any significant investments.

Financial assets at fair value through profit or loss held by the Group as at 31 December 2020

Nature of investment	As at 31 December 2020	Approximate percentage of the total assets of the Group	For the year ended 31 December 2020	
	Fair value RMB' 000	%	Fair value gains/ (losses) RMB' 000	Other income RMB' 000
Financial assets at fair value through profit or loss:				
Wealth management products	—	—	—	112
Trust products	98,693	3.0	1,483	12,406
Listed bonds denominated in US Dollars ¹	186,748	5.6	(19,054)	25,969
Total	285,441	8.6	(17,571)	38,487

Note:

- Listed bonds denominated in US Dollars include the bonds investments in six listed companies by the Group.

Borrowings

As at 31 December 2020, the Group had no borrowings.

Pledge of Assets

As at 31 December 2020, the Group did not pledge any assets.

Foreign Exchange Risk

As at 31 December 2020, the cash balances held by the Group are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
USD	28,644	1,188
RMB	1,830,031	1,104,032
HKD	23,461	233,872
	1,882,136	1,339,092

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 currency risk arising from the exposure of U.S. dollars and Hong Kong dollars against Renminbi as a result of certain cash balances.

Subsequent Event after the period

Connected Transaction – Acquisition of Assets

On 8 February 2021, a subsidiary of the Group entered into an asset acquisition agreement with a subsidiary of Seazen Group, and agreed to acquire the assets (including courier lockers and their spare parts inventory and intangible assets relating to courier lockers), at a consideration of RMB32,931,300. For details of the acquisition, please refer to the announcement of the Company dated 8 February 2021.

Use of net Proceeds from Listing

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

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

Item	Percentage	Net Proceeds (in RMB million)		Unutilized	Expected time of use of unutilized proceeds
		Available	Utilized		
Acquisition of property management projects	60%	323.0	257.1	65.9	on or before 31 December 2021
Expansion of value-added services	15%	80.8	50.4	30.4	on or before 31 December 2021
Investment in advanced technology and employees	15%	80.8	75.1	5.7	on or before 31 December 2021
Working capital and general corporate purpose	10%	53.8	53.8	–	N/A

Dividend

The Board recommends the payment of a final dividend of RMB0.275 per share for the year ended 31 December 2020. 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 28 June 2021, and is expected to be paid on 20 July 2021 to the Shareholders whose names appear on the register of members of the Company as at 6 July 2021.

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 23 June 2021 to 28 June 2021 (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 22 June 2021.

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 6 July 2021 to 7 July 2021 (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 5 July 2021.

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 the CG Code during the year ended 31 December 2020. The Company will continue to review and enhance its corporate governance practices to ensure the compliance with the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Mr. Qi Xiaoming, the chairman and chief executive officer of the Company, is responsible for the overall management of the Group and guides the Group’s strategic development and business plans. Considering the Group’s current development status, the Board believes that the structure of the same person holding the two positions of chairman and chief executive officer can provide the Company with a strong and consistent leadership and benefit the implementation and execution of the Group’s business strategies. Nonetheless, we will review the structure from time to time based on the 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 BY DIRECTORS

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 2020.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2020.

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 Shareholders adopted a share option scheme (the “**Share Option Scheme**”) on 20 October 2018. During the year ended 31 December 2020, the Company granted a total of 4,310,000 share options (each option entitles its holder to subscribe for one share of the Company) under the Share Option Scheme to certain employees. For details of the grant of share options, please refer to the announcements of the Company dated 30 June 2020 and 10 November 2020.

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 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 does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. During the year ended 31 December 2020, a total of 5,750,000 shares were granted by the Company to certain executive Directors and employees under the Share Award Scheme to recognise their contribution to the Group.

Establishment of Environment, Social and Governance Committee

During the year, an environmental, social and governance committee (the “**ESG Committee**”) of the Group has been formed with effect from 10 November 2020. The ESG Committee is mainly responsible for: (i) formulating and reviewing the Company’s environmental, social and governance (“**ESG**”) responsibilities, vision, strategy, framework, principles and policies, and strengthening the materiality assessment and reporting process to ensure the continuous execution and implementation of ESG policies passed by the Board; (ii) considering and approving the Company’s ESG goals, and regularly reviewing the achievement of ESG goals; and (iii) monitoring main ESG trends and related risks and opportunities and evaluating whether the Group’s ESG-related structure and business model are adequate and effective in this regard, adopting and updating the Group’s ESG policies when necessary and ensuring that such policies are up-to-date and comply with applicable laws, regulations and regulatory requirements, as well as international standards.

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 2020.

This annual results announcement is based on the Group’s audited consolidated financial statements for the year ended 31 December 2020 as agreed with the auditors of the Company.

Publication of the Annual Results and 2020 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 2020 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, 12 March 2021

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

* *For identification purpose only*