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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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL RESULTS HIGHLIGHTS

In 2021, the revenue of the Group amounted to approximately RMB4,350.7 million, representing an increase of approximately 51.8% as compared to approximately RMB2,866.4 million for the corresponding period in 2020.

Among all business sectors of the Group, the revenue from property management services amounted to approximately RMB2,100.2 million, accounting for approximately 48.4% of the total revenue, representing an increase of approximately 67.3% as compared to approximately RMB1,255.1 million for the corresponding period in 2020; the revenue from community-related value-added services amounted to approximately RMB915.6 million, accounting for approximately 21.0% of the total revenue, representing an increase of approximately 84.0% as compared to approximately RMB497.7 million for the corresponding period in 2020; the revenue from smart community services amounted to approximately RMB519.7 million, accounting for approximately 11.9% of the total revenue, representing an increase of approximately 33.6% as compared to approximately RMB388.9 million for the corresponding period in 2020; the revenue from developer-related value-added services amounted to approximately RMB815.3 million, accounting for approximately 18.7% of the total revenue, representing an increase of approximately 12.5% as compared to approximately RMB724.7 million for the corresponding period in 2020.

The gross profit of the Group amounted to approximately RMB1,341.5 million, representing an increase of approximately 52.3% over approximately RMB880.8 million for the corresponding period in 2020. Gross profit margin was approximately 30.8%, up 0.1 percentage point over approximately 30.7% in the corresponding period of 2020. The core net profit attributable to the equity holders of the Company (excluding fair value gains and losses and impairment losses of the USD bonds of listed companies in which the Company has invested, and interest income from wealth management products) (“**Owners’ Core Net Profit**”) was approximately RMB675.5 million, an increase of approximately 55.4% in comparison with approximately RMB434.6 million for the corresponding period in 2020.

As at 31 December 2021, the GFA under management of the Group was 153.5 million sq.m., representing a net increase of approximately 52.1 million sq.m. or approximately 51.4% as compared to the end of 2020, of which the area attributable to third parties was approximately 47.5%; the contracted GFA of the Group was approximately 278.8 million sq.m., representing a net increase of approximately 75.7 million sq.m. or 37.3% as compared to the end of 2020, of which the area attributable to third parties was approximately 40.4%.

In 2021, the net cash inflow from operating activities of the Group amounted to approximately RMB755.3 million, equivalent to 1.35 times of the profit for the year.

The Board recommends a final dividend of RMB0.155 per ordinary share of the Company for the year ended 31 December 2021.

The board (the “**Board**”) of directors (the “**Directors**”) of S-Enjoy Service Group Co., Limited (the “**Company**” or “**S-Enjoy Service**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Note</i>	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	4	4,350,735	2,866,447
Cost of sales and services	4, 5	<u>(3,009,188)</u>	<u>(1,985,682)</u>
Gross profit		1,341,547	880,765
Selling and marketing expenses	5	(34,035)	(23,197)
Administrative expenses	5	(424,035)	(258,238)
Net impairment losses on financial and contract assets		(111,232)	(20,581)
Other income	6	80,606	62,699
Other expenses		(4,377)	(4,255)
Other losses – net		<u>(135,763)</u>	<u>(23,035)</u>
Operating profit		712,711	614,158
Finance income		29,302	22,556
Finance costs		<u>(337)</u>	<u>(325)</u>
Finance income – net	7	28,965	22,231

	<i>Note</i>	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Profit before income tax		741,676	636,389
Income tax expense	8	<u>(182,947)</u>	<u>(147,303)</u>
Profit for the year		558,729	489,086
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of debt instruments at fair value through other comprehensive income		(75,444)	–
Credit loss of debt instruments at fair value through other comprehensive income		<u>71,949</u>	–
Other comprehensive income for the year		<u>(3,495)</u>	–
Total comprehensive income		<u>555,234</u>	<u>489,086</u>
Profit is attributable to:			
– Owners of the Company		525,455	452,387
– Non-controlling interests		33,274	36,699
		<u>558,729</u>	<u>489,086</u>
Total comprehensive income is attributable to:			
– Owners of the Company		521,960	452,387
– Non-controlling interests		33,274	36,699
		<u>555,234</u>	<u>489,086</u>
Earnings per share (expressed in RMB)			
– Basic earnings per share	9	0.62	0.55
– Diluted earnings per share	9	<u>0.62</u>	<u>0.55</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	As at 31 December 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		58,890	14,209
Right-of-use assets		19,722	10,043
Intangible assets		728,325	197,419
Investment in an associate		4,000	–
Deferred income tax assets		54,509	57,967
Deposits	11	1,944	7,893
Financial assets at fair value through other comprehensive income		–	1,000
Financial asset at fair value through profit or loss		205,873	40,145
Total non-current assets		<u>1,073,263</u>	<u>328,676</u>
Current assets			
Inventories		28,301	17,535
Contract assets		289,495	247,329
Financial assets at fair value through other comprehensive income		52,390	–
Financial asset at fair value through profit or loss		245,032	245,296
Trade receivables	10	622,758	356,568
Prepayments, deposits and other receivables	11	594,304	236,512
Cash and cash equivalents	12	2,504,102	1,882,136
Total current assets		<u>4,336,382</u>	<u>2,985,376</u>
Total assets		<u><u>5,409,645</u></u>	<u><u>3,314,052</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	13	59,900	56,641
Reserves		2,224,020	1,225,167
		<u>2,283,920</u>	<u>1,281,808</u>
Non-controlling interests		<u>240,712</u>	<u>127,781</u>
Total equity		<u>2,524,632</u>	<u>1,409,589</u>

	<i>Note</i>	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		11,310	3,420
Provisions		2,064	1,806
Trade and other payables	14	92,857	–
Deferred tax liabilities		97,375	42,751
		<hr/>	<hr/>
Total non-current liabilities		203,606	47,977
		<hr/>	<hr/>
Current liabilities			
Lease liabilities		3,129	1,157
Contract liabilities		776,038	628,073
Dividend payable		25,293	–
Trade and other payables	14	1,729,360	1,134,655
Current income tax liabilities		147,587	92,601
		<hr/>	<hr/>
Total current liabilities		2,681,407	1,856,486
		<hr/>	<hr/>
Total liabilities		2,885,013	1,904,463
		<hr/>	<hr/>
Total equity and liabilities		5,409,645	3,314,052
		<hr/> <hr/>	<hr/> <hr/>
Net current assets		1,654,975	1,128,890
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 GENERAL INFORMATION

S-Enjoy Service Group Co., Limited (formerly known as “Xinchengyue Holdings Limited”, hereinafter referred to as the “Company”) was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law (Cap.22, law 3 of 1961 as consolidated and revised) of the Cayman Islands and listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6 November 2018. The address of the Company’s registered office is PO Box 309, 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 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 2021*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16
- Covid-19-Related Rent Concessions beyond 30 June 2021

The Group also elected to adopt the following amendments early:

- Annual Improvements to HKFRS Standards 2018-2020 Cycle;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12.

(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 2021 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 2021, the Group was principally engaged in the provision of property management services and value-added services, including developer-related value-added services, community-related value-added services and smart community services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The principal operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the year ended 31 December 2021.

As at 31 December 2021 and 31 December 2020, all of the non-current assets of the Group were located in the PRC excluding financial instruments and deferred tax assets.

4 REVENUE AND COST OF SALES AND SERVICES

Revenue mainly comprises of proceeds from property management services and value-added services. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2021 and 2020 is as follows:

	For the year ended 31 December			
	2021		2020	
	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	2,100,212	1,468,342	1,255,136	862,513
Value added services:				
– Developer-related value-added services	815,257	579,241	724,731	514,284
– Community-related value-added services	435,055	267,207	235,897	130,782
– Smart community services	519,663	433,807	388,920	325,239
	<u>3,870,187</u>	<u>2,748,597</u>	<u>2,604,684</u>	<u>1,832,818</u>
Revenue from customers recognised at a point in time				
Value added services:				
– Community-related value-added services	480,548	260,591	261,763	152,864
	<u>4,350,735</u>	<u>3,009,188</u>	<u>2,866,447</u>	<u>1,985,682</u>

5 EXPENSES BY NATURE

	For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Employee benefit expenses	1,357,714	742,038
Outsourced security, greening and cleaning costs	912,077	682,273
Consumables and goods used	863,255	616,679
Utilities	119,305	82,783
Office expenses	45,264	33,551
Travelling expenses	44,065	29,401
Depreciation and amortisation charges	32,974	15,504
Taxes and surcharges	22,411	14,743
Professional fees	17,948	16,461
Employee uniform and related expenses	16,934	10,920
Business entertainment expenses	15,527	8,212
Bank charges	10,663	6,789
Auditor's remuneration	3,161	2,750
<i>Including: Audit services</i>	2,900	2,650
<i>Non-audit services</i>	261	100
Advertising and promotion expenses	2,556	2,198
Operating lease payments	502	134
Others	2,902	2,681
	3,467,258	2,267,117

6 OTHER INCOME

	For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interest income from financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	49,150	38,487
Government grants	23,925	17,582
Others	7,531	6,630
	80,606	62,699

7 FINANCE INCOME AND COSTS

	For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interest income on cash and cash equivalents	29,302	22,556
Interest and finance charges paid/payable for lease liabilities	(337)	(325)
Finance income – net	28,965	22,231

8 INCOME TAX EXPENSE

	For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	195,584	146,323
Deferred income tax		
– PRC corporate income tax	(12,637)	980
	<u>182,947</u>	<u>147,303</u>

(a) Cayman Island income tax

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

(b) British Virgin Islands income tax

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

(c) Hong Kong profit tax

No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax during the year ended 2021 (2020: 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”) applied a preferential tax rate of 15% until 2021 for its head office in Tibet as part of the Western Region Development strategy after it changed its place of incorporation from Changzhou to Tibet on 17 December 2015. Tibet Xinchengyue has a number of branches across China. According to the relevant tax laws and regulations, the Group files its income tax return by combining the taxable income of head office in Tibet and all of its branches with 50% of the aggregate taxable income apportion to the head office in Tibet which is subject to income tax rate of 15% and the remaining 50% among the branches which are subject to income tax rate of 25%, resulting in an average of 20% applicable income tax rate.

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

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

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

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	
	2021	2020
Earnings:		
Profit attributable to owners of the Company used in the basic earnings per share calculation (RMB'000)	525,455	452,387
Number of shares:		
Weighted average number of ordinary shares in issue during the year per share calculation (in thousand)	847,729	818,625
Basic earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB)	<u>0.62</u>	<u>0.55</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. The share options are assumed to have been converted into ordinary shares.

	For the year ended 31 December	
	2021	2020
Earnings:		
Profit attributable to owners of the Company used in the diluted earnings per share calculation (RMB'000)	525,455	452,387
Number of shares:		
Weighted average number of ordinary shares in issue during the year per share calculation (in thousand)	847,729	818,625
Add: share options (in thousand)	<u>6,497</u>	<u>9,145</u>
Weighted average number of ordinary shares in issue and potential ordinary shares used as the denominator in calculating diluted earnings per share (in thousand)	854,226	827,770
Diluted earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB)	<u>0.62</u>	<u>0.55</u>

10 TRADE RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables (<i>Note (a)</i>)		
– Related parties	195,188	137,529
– Third parties	515,250	271,436
	<hr/>	<hr/>
	710,438	408,965
Less: allowance for impairment of trade receivables	(87,680)	(52,397)
	<hr/>	<hr/>
	622,758	356,568
	<hr/> <hr/>	<hr/> <hr/>

- (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 2021 and 2020, the ageing analysis of the trade receivables based on invoice date are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	591,569	322,693
1 to 2 years	75,782	47,629
2 to 3 years	28,900	26,081
3 to 4 years	7,924	6,312
4 to 5 years	3,364	2,392
Over 5 years	2,899	3,858
	<hr/>	<hr/>
	710,438	408,965
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As at 31 December 2021 and 2020, 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 either received in accordance with the terms of the relevant services agreements or due for payment upon the issuance of invoice.

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			
	2021		2020	
	RMB'000		RMB'000	
	Current	Non-current	Current	Non-current
Prepayments				
– Utilities and outsourced services	71,620	–	42,869	–
– Consumables to be used in value-added services	22,091	–	6,193	–
Subtotal	93,711	–	49,062	–
Input VAT to be deducted	15,728	–	6,845	–
Deposits (a)	399,292	1,970	132,344	8,000
Other receivables				
– Payments on behalf of property owners (b)	88,032	–	53,969	–
– Others	19,808	–	14,378	–
Subtotal	107,840	–	68,347	–
Total	616,571	1,970	256,598	8,000
Less: allowance for impairment of other receivables and deposits	(22,267)	(26)	(20,086)	(107)
	<u>594,304</u>	<u>1,944</u>	<u>236,512</u>	<u>7,893</u>

(a) As at 31 December 2021 and 2020, deposits mainly included deposits made with government related bodies for providing property management services and deposits made with car parking slot owners to secure the agent role for sale of the car parking slot.

(b) As at 31 December 2021 and 2020, the amounts represented the payments on behalf of property owners in respect of mainly utilities and elevator maintenance costs of the properties.

12 CASH AND CASH EQUIVALENTS

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Cash on hand	781	135
Cash in banks	2,480,560	1,862,573
Cash in payment platforms	22,761	19,428
	<u>2,504,102</u>	<u>1,882,136</u>

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
USD	16,879	28,644
RMB	2,427,371	1,830,031
HKD	59,852	23,461
	<u>2,504,102</u>	<u>1,882,136</u>

13 SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 16 January 2018. At the date of incorporation, the authorised share capital is USD51,200 comprising 51,200 ordinary shares of USD1.00 each. As at 31 December 2021, the authorised share was 10,000,000.00 shares at par value of USD0.01.

Ordinary shares, issued and fully paid:

	Number of shares	USD'000	RMB'000
At 1 January 2021	820,049,000	8,200	56,641
Share Placing (<i>Note 1</i>)	50,000,000	500	3,252
Exercise of share option under 2019 share option scheme (<i>Note 2</i>)	3,786,000	38	244
Buy-back and cancellation of shares (<i>Note 3</i>)	<u>(3,701,000)</u>	<u>(37)</u>	<u>(237)</u>
At 31 December 2021	<u>870,134,000</u>	<u>8,701</u>	<u>59,900</u>

Note 1: On 16 March 2021, the Company entered into a placing agreement with the placing agents in relation to the placing of 50,000,000 ordinary shares at a placing price of HK\$20.80 per share. On 23 March 2021, the share placing was completed. The Company received the net proceeds from the placing of shares of approximately HKD1,032 million (equivalent to approximately RMB864 million).

Note 2: During the year ended 31 December 2021, several employees under 2019 share option scheme subscribed 3,786,000 shares in total with exercise price of HKD6.18 per share. The Company received the net proceeds from exercise approximately HKD23,397,480 (equivalent to approximately RMB19,426,395).

Note 3: During the year ended 31 December 2021, the Company bought back and cancelled 3,701,000 shares at the cost of HKD58,527,000 (equivalent to approximately RMB48,599,000).

14 TRADE AND OTHER PAYABLES

	As at 31 December			
	2021		2020	
	RMB'000		RMB'000	
	Current	Non-current	Current	Non-current
Trade payables (<i>Note (a)</i>)				
– Third parties	<u>536,875</u>	<u>–</u>	<u>296,887</u>	<u>–</u>
Other payables				
– Accrued expenses	157,196	–	113,572	–
– Amounts collected on behalf of property owners	515,496	–	448,694	–
– Consideration payables for acquisition of subsidiaries	192,731	92,857	28,853	–
– Others	<u>10,277</u>	<u>–</u>	<u>14,096</u>	<u>–</u>
	<u>875,700</u>	<u>92,857</u>	<u>605,215</u>	<u>–</u>
Accrued payroll	<u>232,566</u>	<u>–</u>	<u>178,204</u>	<u>–</u>
Other tax payables	<u>84,219</u>	<u>–</u>	<u>54,349</u>	<u>–</u>
	<u>1,729,360</u>	<u>92,857</u>	<u>1,134,655</u>	<u>–</u>

(a) As at 31 December 2021 and 2020, the ageing analysis of the trade payables based on invoice date were are follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	517,139	294,386
1 to 2 years	17,999	1,400
2 to 3 years	814	523
Over 3 years	<u>923</u>	<u>578</u>
	<u>536,875</u>	<u>296,887</u>

15 DIVIDENDS

	For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Dividends declared by the Company (<i>Note (a)</i>)	239,819	147,258
Dividends paid by a subsidiary to non-controlling interests (<i>Note (b)</i>)	3,103	–
	<u>242,922</u>	<u>147,258</u>

- (a) A final dividend in respect of 2020 of RMB0.275 per ordinary share, amounting to RMB239,819,000 was approved at the annual general meeting of the Company held on 28 June 2021. The dividend is reflected as an appropriation of share premium. As of 31 December 2021, the dividend had been fully paid.

At a Board meeting held on 25 March 2022, the directors proposed a final dividend for 2021 of RMB0.155 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 2022 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

- (b) Chengyue Times, a subsidiary of the Company, distributed 50% of its profit for the year ended 31 December 2020 to the shareholders. The distributable amount for non-controlling interests was RMB3,103,000.

16 SUBSEQUENT EVENT

In March 2022, the Group entered into an equity acquisition agreement with Runhong (Shandong) Enterprise Management Co., Ltd., agreeing to acquire its 70% equity interests in Suzhou Health Catering Management Service Co., Ltd., which became a subsidiary of the Group since the acquisition date. Up to the date of approval of these consolidated financial statements by the Board of Directors, the initial accounting for such acquired subsidiaries is incomplete and is still under review by the management and thus no relevant financial information is disclosed.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Company for the year ended 31 December 2021.

The COVID-19 pandemic is still underway throughout the world, and there is no sign of ending for the time being. In 2021, Mainland China adopted a dynamic zero-COVID policy, which, coupled with a high vaccination rate, enabled domestic economic activities and people's living conditions to remain normal. People have gradually adapted to the new living habits brought by the pandemic, including washing hands frequently, wearing masks, maintaining social distancing, etc.

In 2021, the real estate industry faced a huge storm. Due to the overleveraging of some real estate companies in the past five years and the further tightening of regulation in relation to the real estate industry by governments and financial institutions at all levels in 2021, many large and medium-sized real estate companies defaulted on their debts. Some real estate companies had to sell assets to ease financial pressure, with some of them selling their property management companies. The drastic changes in the real estate industry caused wild fluctuations in the prices of stocks and bonds in the real estate and property management industries. The valuation of some property management companies with real estate development background dropped by more than 50% from the high level after the 2021 interim results. Property management and real estate development belong to the same industry chain and are correlated in business operations. However, the business attributes of the property management industry are significantly different from those of the real estate industry: 1) from the perspective of policy orientation, property management is an industry encouraged by policies. Since the COVID-19 outbreak in 2020, due to the significant role of the property management industry in grass-roots administration, the macro policies have become more friendly to the property management industry. For example, ten ministries and commissions jointly issued the Notice on Strengthening and Improving Residential Property Management, and "property management" is mentioned six times in the 14th Five-Year Plan for the first time; 2) from the perspective of growth model, property management is an industry based on existing projects which generate stable income every year, while the revenue brought by newly added GFA will drive the overall revenue growth of a company; and 3) from the perspective of business model, property management companies do not need to incur debts, and some property management services are prepaid, so they have decent operating cashflows. The above three points indicate a very small operational risk of the property management industry. We believe that with the continuous implementation of favorable policies for the property management industry, the property management industry will continue to develop healthily and better manifest the characteristics of high growth certainty, low operating risks and solid cashflows.

In 2021, with the efforts of all employees, the Group achieved an increase of over 50% in GFA under management, revenue and Owners' Core Net Profit in a disturbing industry environment. The Company also received high recognition from the public. On 26 February 2021, S-Enjoy Service was included in the Hang Seng Composite Index, and was selected into six stock indexes including the Hang Seng Composite Small Cap Index. On 15 March 2021, it was officially added to Southbound Stock Connect. In 2021, the Company received a series of awards and honors from the China Property Management Institute, China Index Academy and China Property Management Research Institution, including the "2021 Top 100 Property Management Companies in China by

Growth”, the “11th of 2021 Top 100 Property Management Companies in China”, the “Top 15 of 2021 Top 100 Property Management Companies by Services”, the “2021 Leading Residential Property Management Company in China”, the “2021 Leading Property Management Company in China by Quality”, the “2021 Best Employer in China’s Property Management Industry”, the “2020-2021 Top 20 Property Management Companies in China by Digital Power”, and “2021 Excellent Property Management Companies in China by Alignment with the Party and the Masses”, etc.

BUSINESS REVIEW

The Group continued to deepen its high-quality growth strategy of “one core and two increments”. In 2021, the Group preliminarily completed the expansion of property services in various sectors through acquisitions, and being equipped to serve office buildings, shopping malls, industrial parks, hospitals, schools, public buildings, etc. In addition, the Group further strengthened its capabilities in value-added services through acquisitions: 1) in terms of community services, we acquired parcel locker assets, and successfully integrated the frequently used parcel locker service with value-added services such as community fresh retail and home-to-home service; and 2) in terms of catering services, we acquired Shanghai Xuefu Catering Management Services Company Limited (“**Shanghai Xuefu**”) which has great brand influence in Shanghai, thereby entering the catering service market covering hospitals, schools and office buildings.

The Group continued to make great efforts in improving the quality of property services, organizational construction and digital development. In terms of improving service capacity, we further optimized the management mechanism for improving service responsiveness based on the efficient coordination of facilities and equipment, home owner feedback and customer service personnel’s mobile terminals on our smart platform. In addition, we cooperated with the International Butler Academy China to build a high-end residential service system and applied it in the Puyue Chunqiu Project in Changzhou, which has brought the high-end residential property services in Jiangsu Province to a new height. In terms of organizational construction, first of all, we further improved the quality model requirements for the management team, and systematically enhanced the capabilities of the management team through recruitment, selection, training, etc.; secondly, we further improved the stability of the workforce and increased the sources of high-quality junior employees through caring the frontline employees and employing a fresh graduate training system; moreover, we completed the construction of human resources sharing platform to connect the HR information system and the business information system, greatly improving the efficiency of basic human resources services. In terms of digital development, Jiangsu Ruohong Intelligent Technology Co., Ltd., our smart community technology arm, obtained the “High-tech Enterprise” certificate. In addition, after months of discussions in 2021, we determined and launched the project for building a full-service SAP-based ERP system. The new ERP system will enable more efficient communication of the Company’s business, financial and management needs, greatly improve the Company’s management and decision-making efficiency, and substantially reduce the workload of mid-level managers and frontline operators in information collection and analysis, thereby saving labor costs.

In 2021, the Group's revenue reached approximately RMB4,350.7 million, representing a year-on-year increase of approximately 51.8%, mainly driven by a year-on-year increase of approximately 67.3% in revenue from property management services to approximately RMB2,100.2 million and a year-on-year increase of approximately 84.0% in revenue from community-related value-added services to approximately RMB915.6 million. In 2021, the net profit attributable to equity shareholders of the Group reached approximately RMB525.5 million, a year-on-year increase of approximately 16.2%; and Owners' Core Net Profit had a year-on-year increase of approximately 55.4%. In 2021, the Group used part of its surplus funds to invest in real estate USD bonds. The USD bond market fluctuated violently in the second half of the year, resulting in a loss of approximately RMB199.0 million.

In terms of property management services, in 2021, the Group's revenue from property management services reached approximately RMB2,100.2 million, representing a year-on-year increase of approximately 67.3%. As at the end of 2021, the Company had a total GFA under management of approximately 153.5 million sq.m., a year-on-year increase of approximately 51.4%, and a total contracted GFA of approximately 278.8 million sq.m., a year-on-year increase of approximately 37.3%. In 2021, the Company's contracted GFA increased by over approximately 80.6 million sq.m., of which approximately 35% was contributed by related parties, approximately 38% was obtained through mergers and acquisitions, and approximately 27% came from third party project expansion. In 2021, the Group acquired a total of six property management companies, among them, the projects of the five acquisition targets are mainly located in Shandong, Jiangsu and Zhejiang where the Group's projects are concentrated. In 2021, the gross profit margin of our property management services decreased by approximately 1.2 percentage points to approximately 30.1% as the Company was no longer entitled to the social security subsidies.

In terms of community-related value-added services, in 2021, our revenue from community-related value-added services amounted to approximately RMB915.6 million, representing a year-on-year increase of approximately 84.0% and accounting for approximately 21.0% of the Company's total revenue; the gross profit of the business segment reached approximately RMB387.8 million, accounting for approximately 28.9% of the Company's total gross profit. Community-related value-added services have become the Company's second largest segment in terms of both revenue and gross profit. The rapid growth of revenue and gross profit from community-related value-added services was mainly driven by: 1) the merger of the Company's Xinchengshe business (community life service segment) with parcel locker business; and 2) the rapid growth in the number of elevators managed by the Company under its facility management services (mainly elevator maintenance and repairs services), which had exceeded 25,000 units as of the end of 2021.

In terms of other value-added services, the proportion of revenue and gross profit of the Group's services related to real estate development further decreased. Particularly, the revenue from smart community services reached approximately RMB519.7 million, representing a year-on-year increase of approximately 33.6% and accounting for approximately 6.4% of the total gross profit, and the revenue from developer-related value-added services reached approximately RMB815.3 million, representing a year-on-year increase of approximately 12.5% and accounting for approximately 17.6% of the total gross profit.

PROSPECTS

Looking ahead, the Group will strengthen the collaboration with the acquisition of target companies in non-residential sectors to nurture capabilities in serving office buildings, industrial parks, shopping malls, hospitals, public buildings, etc. The business development network of the Group's regional companies will work closely with non-residential service companies to expand business.

Based on the current landscape of the property industry, the Group will continue to probe into the potential of value-added services. For individual customers (mainly from residential sectors), the Company will continue to explore the needs of home owners for community life services, and provide cost-effective products and services to home owners in high-density areas covering high-frequency express delivery services. For business customers (mainly from non-residential sectors), the Company will provide overall solutions to help them improve efficiency and save costs through professional companies such as smart community companies, elevator companies, group catering companies, etc. At present, the Group's GFA under management and contracted GFA in Jiangsu, Shandong and Zhejiang provinces both account for more than 50% of the Group's total GFA. In these regions with a high density of projects, the Group can create a great synergy between property management and value-added services. In particular, the catering service business of the Group will witness rapid growth in 2022 due to the consolidation of Shanghai Xuefu (the annual revenue of Shanghai Xuefu in 2021 was about RMB200 million). With many successful cases, Shanghai Xuefu will be able to achieve rapid expansion leveraging the Group's brand influence in Jiangsu. On the basis of the comprehensive strategic partnership with Guangzhou-based Hitachi Elevator built in 2021, the Group is also seeking to establish a comprehensive strategic partnership with Shanghai Mitsubishi for its elevator business. If both strategic partnerships are realized, it will greatly enhance the market influence of S-Enjoy Service's elevator division and break the ceiling for its high growth in the future.

All employees of the Group uphold the camel spirit of Seazen Group, embrace the future, and live up to their mission. We are disciplined and hard-working; we head in the right direction to focus on the property management industry and create value to cater for customer needs; we remain customer-centric and enhance employee engagement, and will never forget our original aspiration.

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 2021. In 2021, the Group's business continued to flourish. During the year, the net increase of each of our GFA under management and contracted GFA reached a record high. As the two most important business sectors of the Group, property management services and community-related value-added services have contributed great growth drivers to the Group and are an integral part of the Group's high-quality development.

REVENUE

In 2021, the revenue of the Group amounted to approximately RMB4,350.7 million, representing an increase of 51.8% from approximately RMB2,866.4 million for the corresponding period in 2020.

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		
	2021	Growth rate	2020
	<i>RMB'000</i>	%	<i>RMB'000</i>
Property management services	2,100,212	67.3	1,255,136
Community-related value-added services	915,603	84.0	497,660
Smart community services	519,663	33.6	388,920
Developer-related value-added services	815,257	12.5	724,731
Total	<u>4,350,735</u>	<u>51.8</u>	<u>2,866,447</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 2021, revenue from property management services of the Group amounted to approximately RMB2,100.2 million, accounting for approximately 48.4% of the total revenue, representing an increase of approximately 67.3% as compared to approximately RMB1,255.1 million for the corresponding period in 2020. As at 31 December 2021, the GFA under management of the Group was approximately 153.5 million sq.m., representing a net increase of approximately 52.1 million sq.m. or approximately 51.4% from the end of 2020. The GFA under management from third parties accounted for approximately 47.5%. During the year, the Group continued to enhance its service and expansion ability in non-residential segments through various channels. As at 31 December 2021, the Group's non-residential projects accounted for approximately 18.9% of the GFA under management.

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

	For the year ended 31 December 2021					For the year ended 31 December 2020		
	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	80,604	52.5	63.0	20,452	34.0	60,152	59.3	72.2
Third parties	72,927	47.5	37.0	31,664	76.7	41,263	40.7	27.8
Total	<u>153,531</u>	<u>100.0</u>	<u>100.0</u>	<u>52,116</u>	<u>51.4</u>	<u>101,415</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	
	2021 <i>thousand sq.m.</i>	2020 <i>thousand sq.m.</i>
At the beginning of the year	101,415	60,152
Handover	56,593	44,303
Including		
<i>Handover – Seazen Group</i>	20,936	17,575
<i>Handover – Third parties</i>	35,657	26,728
Termination	<u>4,477</u>	<u>3,040</u>
At the end of the period	<u>153,531</u>	<u>101,415</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 2021		As at or for the year ended 31 December 2020	
	Percentage of GFA under management	Percentage of revenue from property management services	Percentage of GFA under management	Percentage of revenue from property management services
	%	%	%	%
Jiangsu Province	38.3	37.6	45.5	49.7
Shandong Province	12.7	6.9	5.2	3.2
Zhejiang Province	9.3	13.3	11.1	13.4
Sichuan Province	5.2	7.5	7.3	7.2
Anhui Province	4.0	3.9	4.6	3.1
Other regions	30.5	30.8	26.3	23.4
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

The Group has entered into property management contracts with 1,333 projects in 185 cities with a contracted GFA of approximately 278.8 million sq.m., representing a net increase of approximately 75.7 million sq.m. or 37.3% from the end of 2020, among which the contracted GFA from third parties accounted for approximately 40.4%. The proportion of GFA from third parties increased rapidly during the year, and we continued to make breakthroughs in the expansion of third parties and accomplished a total of over 52.1 million sq.m. of third party project expansion in 2021. During the year, we made further deployment in the non-residential business through active strategies, and successfully acquired six property management enterprises with excellent track records and expansion ability in various non-residential segments such as hospitals, industrial parks, public buildings and shopping malls.

Most of the projects contracted by the property management companies acquired by the Group are in Jiangsu Province, Shandong Province and Zhejiang Province, exactly the key areas where our projects are located. This has further improved our project density in the eastern coastal economic belt and along the Yangtze River economic belt, and created more opportunities for synergy and cross selling of value-added services. As at 31 December 2021, the Group's contracted GFA in key provinces has further increased. Jiangsu Province, Shandong Province and Zhejiang Province, the top three provinces in terms of contracted GFA, had a contracted GFA of approximately 88.6 million sq.m., approximately 33.0 million sq.m. and approximately 25.7 million sq.m., respectively. In addition, the Group has a contracted GFA of over 5 million sq.m. in nine (as at 31 December 2020: three) cities, being Changzhou, Suzhou, Chengdu, Tianjin, Yantai, Xuzhou, Wuhan, Wenzhou and Nanjing.

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

	For the year ended 31 December 2021				For the year ended 31 December 2020	
	Contracted GFA <i>thousand sq.m.</i>	Area proportion <i>%</i>	Net increase <i>thousand sq.m.</i>	Growth rate <i>%</i>	Contracted GFA <i>thousand sq.m.</i>	Area proportion <i>%</i>
Seazen Group	166,246	59.6	28,052	20.3	138,194	68.0
Third parties	112,600	40.4	47,656	73.4	64,944	32.0
Total	<u>278,846</u>	<u>100.0</u>	<u>75,708</u>	<u>37.3</u>	<u>203,138</u>	<u>100.0</u>

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

Region	As at 31 December 2021	As at 31 December 2020
	Percentage of contracted GFA <i>%</i>	Percentage of contracted GFA <i>%</i>
Jiangsu Province	31.8	35.2
Shandong Province	11.8	7.6
Zhejiang Province	9.2	9.7
Hubei Province	4.7	4.1
Anhui Province	4.0	5.1
Other regions	38.5	38.3
Total	<u>100.0</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 and various other home living services to property owners and customers, with a view to providing them with a more comfortable and convenient living and working environment.

During the year, community-related value-added services maintained a high growth momentum and remained the sector with fastest growth within the Group. In 2021, revenue from community-related value-added services amounted to approximately RMB915.6 million, accounting for approximately 21.0% of the total revenue, representing an increase of approximately 84.0% as compared to approximately RMB497.7 million for the corresponding period in 2020. During the year, revenue from catering services of the Group was approximately RMB81.9 million, representing a year-on-year increase of approximately 67.0%; revenue related to facility management services was approximately RMB157.3 million, representing a year-on-year increase of approximately 112.0%; the revenue from community life services was approximately RMB195.0 million, representing a year-on-year increase of approximately 206.2%.

- **Smart community services**

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

In 2021, revenue from smart community services of the Group amounted to approximately RMB519.7 million, accounting for approximately 11.9% of the total revenue of the Group, representing an increase of approximately 33.6% as compared to approximately RMB388.9 million for the corresponding period in 2020.

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

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

During the year, revenue from developer-related value-added services amounted to approximately RMB815.3 million, accounting for approximately 18.7% of the total revenue of the Group, representing an increase of 12.5% as compared to approximately RMB724.7 million for the corresponding period in 2020.

COST OF SALES AND SERVICES

During the year, the cost of sales and services of the Group was approximately RMB3,009.2 million, representing an increase of approximately 51.5% as compared to approximately RMB1,985.7 million for the corresponding period in 2020. 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 2021				For the year ended 31 December 2020		
	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	631,870	30.1	47.1	-1.2	392,623	31.3	44.6
Community-related value-added services	387,805	42.4	28.9	-0.6	214,014	43.0	24.3
Smart community services	85,856	16.5	6.4	0.1	63,681	16.4	7.2
Developer-related value-added services	236,016	28.9	17.6	-0.1	210,447	29.0	23.9
Total	<u>1,341,547</u>	<u>30.8</u>	<u>100.0</u>	<u>0.1</u>	<u>880,765</u>	<u>30.7</u>	<u>100.0</u>

The Group recorded gross profit of approximately RMB1,341.5 million for the year ended 31 December 2021, representing a year-on-year increase of approximately 52.3% as compared to approximately RMB880.8 million for the corresponding period in 2020. Gross profit margin was 30.8%, representing an increase of 0.1 percentage point as compared to 30.7% for the corresponding period in 2020.

Gross profit of property management services was approximately RMB631.9 million, representing an increase of approximately 60.9% as compared to approximately RMB392.6 million for the corresponding period in 2020, and gross profit margin was 30.1%, representing a year-on-year decrease of 1.2 percentage points. The decline in gross profit margin of property management services during the period was mainly because the Company was no longer entitled to social security subsidies that it had enjoyed in the preceding year.

Gross profit of community-related value-added services was approximately RMB387.8 million, representing an increase of approximately 81.2% as compared to approximately RMB214.0 million for the corresponding period in 2020, and gross profit margin was 42.4%, representing a year-on-year decrease of 0.6 percentage point.

Gross profit of smart community services was approximately RMB85.9 million, representing an increase of approximately 34.8% as compared to approximately RMB63.7 million for the corresponding period in 2020, and gross profit margin was approximately 16.5%, remaining stable compared to the preceding year.

Gross profit of developer-related value-added services was approximately RMB236.0 million, representing an increase of approximately 12.1% as compared to approximately RMB210.4 million for the corresponding period in 2020, and gross profit margin was approximately 28.9%, basically remaining flat compared to the preceding year.

ADMINISTRATIVE EXPENSES

Administrative expenses were approximately RMB424.0 million, representing an increase of approximately 64.2% as compared to approximately RMB258.2 million for the corresponding period in 2020. The increase in administrative expenses was mainly due to: (i) the rapid growth of the scale of the Group; (ii) the benefits from social security subsidies policies in the year ended 31 December 2020 causing a lower base for the corresponding period; and (iii) reserve of talents for the rapid development of various businesses.

INCOME TAX EXPENSE

Income tax amounted to approximately RMB182.9 million, representing an increase of approximately 24.2% as compared to approximately RMB147.3 million for the corresponding period in 2020. 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 24.7% which was slightly higher as compared to approximately 23.2% for the corresponding period in 2020.

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 2021, 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 RMB558.7 million, representing an increase of approximately 14.2% from approximately RMB489.1 million in 2020; profit attributable to owners of the Company was approximately RMB525.5 million, representing an increase of approximately 16.2% as compared to that in 2020; and net profit margin was approximately 12.8%, down 4.3 percentage points over that in 2020.

MATERIAL ACQUISITION AND DISPOSAL

Connected transaction – acquisition of assets

On 8 February 2021, Nanjing Yungui Network Technology Co., Ltd.* (南京雲櫃網絡科技有限公司), a subsidiary of the Company, entered into an asset acquisition agreement with Jiangsu Yungui Network Technology Co., Ltd.* (江蘇雲櫃網絡技術有限公司), 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.

Connected transaction – formation of joint venture company

On 9 August 2021, Xinchengyue (Chengdu) Property Service Co., Ltd.* (新城悦(成都)物業服務有限公司) (a subsidiary of the Group), Wusheng (Shanghai) Energy Equipment Technology Co., Ltd.* (吾盛(上海)能源設備科技有限公司) (an associate of Mr. Wang Zhenhua, a controlling shareholder of the Company, and a connected person of the Company), and GCIP Chunshu Investment Partnership (Limited Partnership)* (共青城春樹投資合夥企業(有限合夥)) entered into a cooperation investment agreement, pursuant to which the Company will invest RMB8 million for the purpose of developing applications in automobile and bicycle charging scenarios based on urban space. For details of the formation of joint venture company, please refer to the announcement of the Company dated 9 August 2021.

SIGNIFICANT INVESTMENTS

As at 31 December 2021, the Group held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income of approximately RMB450.9 million and approximately RMB52.4 million respectively, accounting for approximately 9.3% in aggregate of the total assets of the Group as at 31 December 2021. 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 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 2021, the Group did not have any significant investments.

	As at 31 December 2021	Approximate percentage of the total assets of the Group %	For the year ended 31 December 2021 Fair value gains/ (losses) through profit or loss RMB'000	Other income RMB'000
Financial assets at fair value through profit or loss				
Wealth management products	8,083	0.1	–	83
Trust products	102,834	1.9	–	11,254
Listed bonds denominated in US Dollars	217,822	4.0	(126,582)	30,667
Investments in preferred shares and debts of unlisted companies	122,166	2.3	–	2,166
	<u>450,905</u>	<u>8.3</u>	<u>(126,582)</u>	<u>44,170</u>
Total	<u>450,905</u>	<u>8.3</u>	<u>(126,582)</u>	<u>44,170</u>

	Fair value RMB'000	Approximate percentage of the total assets of the Group %	Accrued expected credit impairment loss RMB'000	Other income RMB'000
Financial assets at fair value through other comprehensive income				
Listed bonds denominated in US Dollars	52,390	1.0	(71,949)	4,980

Due to higher price fluctuations, fair value losses and accrued expected credit impairment losses were recognised by the Company for the year ended 31 December 2021. The Directors will continuously monitor the price movements and make fair value adjustments accordingly.

PLEDGE OF ASSETS

As at 31 December 2021, the Group did not pledge any assets.

FOREIGN EXCHANGE RISK

As at 31 December 2021, the cash balances held by the Group are as follows:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
USD	16,879	28,644
RMB	2,427,371	1,830,031
HKD	59,852	23,461
	<u>2,504,102</u>	<u>1,882,136</u>
Total	<u>2,504,102</u>	<u>1,882,136</u>

Almost all of the Group’s operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of U.S. dollars and Hong Kong dollars against Renminbi as a result of certain cash balances. We have made currency swap arrangements for exchange rate fluctuations to hedge part of the corresponding risks.

SUBSEQUENT EVENT

In March 2022, the Group entered into an equity acquisition agreement with Runhong (Shandong) Enterprise Management Co., Ltd., agreeing to acquire 70% equity of Suzhou Health Catering Management Service Co., Ltd. from it, which became a subsidiary of the Group since the acquisition date. Up to the date of approval of these consolidated financial statements by the Board, the initial accounting for such acquired subsidiaries is incomplete and is still under review by the management and thus no relevant financial information is disclosed.

PROCEEDS FROM LISTING

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

As at 31 December 2021, the proceeds from listing have been fully utilised 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 (RMB million)		
		Available	Used	Unused
Acquisition of property management projects	60%	323.0	323.0	–
Expansion of value-added services	15%	80.8	80.8	–
Investment in advanced technology and employees	15%	80.8	80.8	–
Working capital and general corporate purposes	10%	53.8	53.8	–

PLACING

On 16 March 2021, the Company and Citigroup Global Markets Limited and CLSA Limited (the “**Placing Agents**”) entered into a placing agreement, pursuant to which the Placing Agents agreed on an individual (rather than joint nor joint and individual) basis to place (the “**Placing**”) up to 50,000,000 new ordinary shares (the “**Placing Shares**”) on a best efforts basis at a price of HK\$20.80 per share. The aggregate nominal value of the Placing Shares is US\$500,000, while the net placing price (after deducting related costs and expenses to be borne by the Company) is approximately HK\$20.64 per share. The Directors are of the view that the Placing will raise funds to consolidate the financial position of the Group, provide a good opportunity to broaden the shareholder base and capital base of the Group to facilitate future development, and increase the liquidity of the shares.

The Placing was completed on 23 March 2021. A total of 50,000,000 Placing Shares were successfully placed to not less than six places at a placing price of HK\$20.80 per Placing Share. The Company has received the net proceeds from the Placing of approximately HK\$1,032 million (equivalent to approximately RMB864.3 million) (after deducting the relevant costs and expenses to be borne by the Company). As at 31 December 2021, the Company has utilised the net proceeds in accordance with the plans as disclosed in the announcement of the Company dated 17 March 2021, namely:

Item	Percentage	Net proceeds (RMB million)			Expected time of using unused proceeds
		Available	Used	Unused	
Acquisition of property management companies	60%	518.6	293.2	225.4	On or before 31 December 2023
Acquisition of downstream companies that are complementary to the Company's community-related value-added service business	30%	259.3	156.7	102.6	On or before 31 December 2023
Upgrade information technology infrastructure	10%	86.4	12.7	73.7	On or before 31 December 2023

CHANGES IN INFORMATION ON DIRECTORS

On 5 July 2021, Mr. Lan Ziyong resigned as an executive Director and ceased to be a member of the environmental, social and governance committee of the Company due to work arrangements and Mr. Gao Xinli was appointed as an executive Director and a member of the environmental, social and governance committee of the Company on the same date. For details of the change in executive Director, please refer to the announcement of the Company dated 5 July 2021.

CHANGES IN INFORMATION ON JOINT COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

On 5 July 2021, Ms. Lam Yuk Ling resigned as a joint company secretary and an authorised representative of the Company due to other work arrangements and Ms. Ng Sau Mei was appointed as a joint company secretary and an authorised representative of the Company on the same date. For details of the change in joint company secretary, please refer to the announcement of the Company dated 5 July 2021.

DIVIDEND

The Board recommends the payment of a final dividend of RMB0.155 per ordinary share for the year ended 31 December 2021. 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 2022, and is expected to be paid on 18 July 2022 to the Shareholders whose names appear on the register of members of the Company as at 5 July 2022.

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 2022 to 28 June 2022 (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 2022.

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 5 July 2022 to 6 July 2022 (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 4 July 2022.

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 2021. 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 (previous 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

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 2021.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, the Company repurchased a total of 3,701,000 shares on the Stock Exchange with an aggregate amount of HK\$58,409,820 (excluding handling fee and other miscellaneous fee). As at the date of this announcement, all shares repurchased during the year ended 31 December 2021 were cancelled. Details of shares repurchased during the year ended 31 December 2021 are set out as follows:

Month of repurchase	Number of shares purchased on the Stock Exchange	Price paid per share		Aggregate consideration paid (HKD)
		Highest (HKD)	Lowest (HKD)	
September 2021	2,049,000	16.87	13.80	31,778,380.00
October 2021	1,652,000	16.54	15.30	26,631,440.00

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2021.

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 2021, the Company granted a total of 7,700,000 share options (each option entitles its holder to subscribe for one share of the Company) under the Share Option Scheme to certain executive Directors and employees. For details of the grant of share options, please refer to the announcement of the Company dated 2 July 2021.

SHARE AWARD SCHEME

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

The Share Award Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. During the year ended 31 December 2021, the Company granted a total of 2,300,000 award shares to certain employees under the Share Award Scheme. For details of the grant of award shares, please refer to the announcement of the Company dated 2 July 2021.

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 2021.

This annual results announcement is based on the Group’s audited consolidated financial statements for the year ended 31 December 2021 as agreed with the auditors of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND 2021 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 2021 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, 25 March 2022

As at the date of this announcement, the Board comprises Mr. Qi Xiaoming, Ms. Wu Qianqian and Mr. Gao Xinli 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*