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 2019

ANNUAL RESULTS HIGHLIGHTS

In 2019, the revenue of the Group amounted to RMB2,024.0 million, representing an increase of 72.5% as compared to RMB1,173.4 million for the corresponding period in 2018.

Among all business segments, the Group's revenue from property management services amounted to RMB849.0 million, representing an increase of 16.0 % as compared to RMB732.0 million for the corresponding period in 2018, accounting for 41.9% of revenue; revenue from developer-related value-added services amounted to RMB647.7 million, representing an increase of 118.3% as compared to RMB296.7 million for the corresponding period in 2018; revenue from community-related value-added services recorded a significant increase in the period, amounting to RMB176.1 million for the year, representing an increase of 267.7% as compared to RMB47.9 million for the corresponding period in 2018; revenue from smart community services (originally the "professional services") amounted to RMB351.2 million, representing an increase of 263.1% as compared to RMB96.7 million for the corresponding period in 2018.

Gross profit amounted to RMB599.9 million, representing an increase of 73.9% over RMB345.0 million for the corresponding period in 2018. Gross profit margin was 29.6%, up 0.2 percentage points over 29.4% in the corresponding period of last year. During the year, the profit was RMB301.9 million, an increase of 82.9% in comparison with RMB165.1 million for the corresponding period in 2018. Net profit attributable to equity shareholders of the Company amounted to RMB282.0 million, growing 85.3% over that for the corresponding period in 2018. Net profit margin was 14.9%, up 0.8 percentage points over 14.1% for the same period of last year.

As at 31 December 2019, the GFA under management of the Group was 60.2 million sq.m., representing an increase of 17.3 million sq.m. or 40.3% as compared to the end of 2018; the contracted GFA of the Group was 152.8 million sq.m., representing an increase of 40.6 million sq.m. or 36.2% as compared to the end of 2018.

In 2019, the operating cash flows of the Group amounted to RMB544.7 million, representing an increase of 193.5% as compared to RMB185.6 million for the corresponding period in 2018.

The Board recommends a final dividend of RMB0.18 per ordinary share of the Company for the year ended 31 December 2019.

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 2019, 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 2019

	Note	**For the year ended 31 December 2019** ***RMB'000***	For the year ended 31 December 2018 *RMB'000* (Restated)
Revenue	*4*	**2,024,026**	1,173,388
Cost of sales and services	*4, 5*	**(1,424,147)**	(828,366)
Gross profit		**599,879**	345,022
Selling and marketing expenses	*5*	**(11,349)**	(6,943)
Administrative expenses	*5*	**(233,891)**	(147,699)
Net impairment losses on financial and contract assets		**(10,324)**	(12,336)
Other income		**26,116**	11,286
Other expenses		**(867)**	(439)
Other gains – net		**5,709**	18,409
Operating profit		**375,273**	207,300
Finance income		**17,118**	6,168
Finance costs		**(400)**	–
Finance income – net	*6*	**16,718**	6,168
Profit before income tax		**391,991**	213,468
Income tax expense	*7*	**(90,137)**	(48,390)
Profit for the year		**301,854**	165,078
Profit is attributable to:			
– Owners of the Company		**282,011**	152,154
– Non-controlling interests		**19,843**	12,924
		301,854	165,078

	Note	**For the year ended 31 December 2019** *RMB'000*	For the year ended 31 December 2018 *RMB'000* (Restated)
Total comprehensive income for the year		**301,854**	165,078
Total comprehensive income is attributable to:			
– Owners of the Company		**282,011**	152,154
– Non-controlling interests		**19,843**	12,924
		301,854	165,078
Earnings per share(expressed in RMB)			
– Basic earnings per share	*8*	**0.34**	0.24
– Diluted earnings per share	*8*	**0.34**	0.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	**31 December 2019** *RMB'000*	31 December 2018 *RMB'000* (Restated)
Non-current assets			
Property, plant and equipment		**8,952**	8,389
Right-of-use assets		**11,427**	–
Intangible assets		**11,651**	12,031
Deferred income tax assets		**40,372**	24,220
Deposits	*10*	**3,534**	2,812
Financial assets at fair value through other comprehensive income		**1,660**	1,660
Financial asset at fair value through profit or loss		**70,000**	–
Prepayments		**–**	5,573
Total non-current assets		**147,596**	54,685
Current assets			
Inventories		**10,620**	11,731
Contract assets		**130,819**	–
Financial asset at fair value through profit or loss		**208,412**	–
Trade receivables	*9*	**262,767**	129,118
Prepayments, deposits and other receivables	*10*	**100,261**	95,395
Cash and cash equivalents		**1,339,092**	1,281,269
Total current assets		**2,051,971**	1,517,513
Total assets		**2,199,567**	1,572,198
Equity			
Equity attributable to owners of the Company			
Share capital	*11*	**56,508**	56,639
Reserves		**397,724**	610,656
Retained earnings		**469,840**	187,829
		924,072	855,124
Non-controlling interests		**42,798**	22,767
Total equity		**966,870**	877,891

	Note	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)
Liabilities			
Non-current liabilities			
Lease liabilities		**3,873**	–
Provisions		**394**	1,050
Deferred tax liabilities		**13,428**	4,646
Total non-current liabilities		**17,695**	5,696
Current liabilities			
Lease liabilities		**3,827**	–
Contract liabilities		**390,342**	248,764
Trade and other payables	*12*	**773,760**	416,746
Current income tax liabilities		**47,073**	23,101
Total current liabilities		**1,215,002**	688,611
Total liabilities		**1,232,697**	694,307
Total equity and liabilities		**2,199,567**	1,572,198
Net current assets		**836,969**	828,902

1 GENERAL INFORMATION

S-Enjoy Service Group Co., Limited (formerly known as "Xinchengyue Holdings Limited", hereinafter referred to as the "Company") was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Law (Cap.22, law 3 of 1961 as consolidated and revised) of the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 November 2018. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands.

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

During the year ended 31 December 2019, the Group has acquired 100% of the equity interests of Shanghai Shuyuan Information Technology Co., Ltd. ("Shanghai Shuyuan") from the Ultimate Controlling Shareholder. The acquisition was accounted for as business combinations under common control.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets through profit or loss.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayments features with negative compensation
Amendments to HKAS 28	Long-term interests in associates and joint ventures
Annual improvements to HKFRSs	Annual improvements to HKFRS standards 2015-2017 cycle
Amendments to HKAS 19	Plan amendment, curtailment or settlement
HKFRIC 23	Uncertainty over income tax treatment
Amendments to HKAS 1 and HKAS 8	Definition of material

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 2.2. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Changes in accounting policies and disclosures

The Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

2.2.1 Impact of the adoption of HKFRS 16

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.9%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 to determine whether an arrangement contains a lease.

(ii) Measurement of lease liabilities

	31 December 2019 ***RMB'000***
Operating lease commitments disclosed as at 31 December 2018	6,989
Discounted using the lessee's incremental borrowing rate of at the date of initial application	6,322
(Less): short-term leases recognised on a straight-line basis as expense	(126)
(Less): low-value leases recognised on a straight-line basis as expense	(15)
Lease liability recognised as at 1 January 2019	6,181
Of which are:	
Current lease liabilities	2,268
Non-current lease liabilities	3,913
	6,181

(iii) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following type of assets:

	31 December 2019 ***RMB'000***	1 January 2019 *RMB'000*
Buildings and parking lots	**11,427**	11,754

(iv) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB11,754,000
- prepayments – decrease by RMB5,573,000
- current lease liabilities – increase by RMB2,268,000
- non-current lease liabilities – increase by RMB3,913,000

There is no impact on retained earnings as at 1 January 2019.

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

2.2.2 The Group's leasing activities and how these are accounted for

The Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 2.2.1.

Until 31 December 2018, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables.

Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

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 2019, 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 were derived in the PRC during the year ended 31 December 2019.

As at 31 December 2019 and 31 December 2018, 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 year ended 31 December 2019 and 2018 is as follows:

	For the year ended 31 December			
	2019		2018	
	RMB'000		*RMB'000*	
	Revenue	**Cost of sales and services**	Revenue	Cost of sales and services
			(Restated)	
Revenue from customers and recognised over time:				
Property management Services	**848,955**	**606,612**	732,025	528,522
Value added services:				
– Property developer-related services	**647,748**	**467,320**	296,746	221,028
– Community-related services	**56,760**	**591**	47,890	8,772
– Smart community services	**351,230**	**287,316**	96,727	70,044
	1,904,693	**1,361,839**	1,173,388	828,366
Revenue from customers recognised at a point in time				
Value added services:				
– Community-related services	**119,333**	**62,308**	–	–
	2,024,026	**1,424,147**	1,173,388	828,366

5 EXPENSES BY NATURE

	For the year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Employee benefit expenses	**587,848**	359,145
Outsourced security, greening and cleaning costs	**552,600**	411,405
Raw material and components used in smart community services and community-related services	**368,736**	81,338
Utilities	**49,672**	35,742
Professional fees	**12,949**	30,844
Including: Listing expenses	**–**	*29,428*
Office expenses	**23,778**	12,036
Travelling expenses	**23,787**	11,857
Taxes and surcharges	**13,373**	9,602
IT system development and maintenance expenses	**–**	760
Depreciation and amortisation charges	**9,784**	3,277
Employee uniform and related expenses	**7,283**	6,961
Business entertainment expenses	**6,320**	5,713
Bank charges	**5,446**	4,855
Auditor's remuneration	**2,580**	2,200
Including: Audit services	***2,480***	2,110
Including: Non-audit services	***100***	90
Operating lease payments	**137**	2,684
Advertising and promotion expenses	**1,171**	1,383
Others	**3,923**	3,206
	1,669,387	983,008

6 FINANCE INCOME AND COSTS

	For the year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Interest income on cash and cash equivalents	**17,118**	6,168
Interest and finance charges paid/payable for lease liabilities	**(400)**	–
Finance income – net	**16,718**	6,168

7 INCOME TAX EXPENSE

	For the year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
– PRC corporate income tax	**97,507**	50,655
Deferred income tax		
– PRC corporate income tax	**(7,370)**	(2,265)
	90,137	48,390

(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) Hong Kong profit tax

No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax during the year ended 31 December 2019 (2018: nil).

(c) PRC corporate income tax

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

Tibet Xinchengyue Property Services Co., Ltd. ("Tibet Xinchengyue") applied a preferential tax rate of 15% until 2020 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.

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").

8 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	
	2019	2018 (Restated)
Earnings:		
Profit attributable to owners of the Company used in the basic earnings per share calculation (RMB'000)	**282,011**	152,154
Number of shares:		
Weighted average number of ordinary shares in issue during the year per share calculation (in thousand)	**819,028**	632,164
Basic earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB)	**0.34**	0.24

(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	
	2019	2018 (Restated)
Earnings:		
Profit attributable to owners of the Company used in the diluted earnings per share calculation (RMB'000)	**282,011**	152,154
Number of shares:		
Weighted average number of ordinary shares in issue during the year per share calculation (in thousand)	**819,028**	632,164
Add: share options (in thousand)	**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)	**820,563**	632,164
Diluted earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB)	**0.34**	0.24

9 TRADE RECEIVABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Trade receivables *(Note (a))*		
– Related parties	**165,481**	49,762
– Third parties	**138,449**	116,766
	303,930	166,528
Less: allowance for impairment of trade receivables	**(41,163)**	(37,410)
	262,767	129,118

(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 2019 and 2018, the ageing analysis of the trade receivables based on invoice date are as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Within 1 year	**246,799**	109,073
1 to 2 years	**26,175**	23,132
2 to 3 years	**12,143**	13,588
3 to 4 years	**7,763**	5,563
4 to 5 years	**2,754**	4,515
Over 5 years	**8,296**	10,657
	303,930	166,528

As at 31 December 2019 and 2018, 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.

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			
	2019		2018	
	RMB'000		*RMB'000*	
	Current	**Non-current**	Current (Restated)	Non-current
Prepayments				
– Utilities and outsourced services	**37,219**	**–**	28,694	–
– Raw materials for engineering and maintenance services	**3,375**	**–**	3,880	–
Subtotal	**40,594**	**–**	32,574	–
Input VAT to be deducted	**4,010**	**–**	1,047	–
Deposits	**26,016**	**3,570**	18,021	2,840
Other receivables				
– Payments on behalf of property owners *(Note)*	**32,792**	**–**	31,986	–
– Others	**9,697**	**–**	19,373	–
Subtotal	**42,489**	**–**	51,359	–
Total	**113,109**	**3,570**	103,001	2,840
Less: allowance for impairment of other receivables and deposits	**(12,848)**	**(36)**	(7,606)	(28)
	100,261	**3,534**	95,395	2,812

Note: As at 31 December 2019 and 2018, 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 2019 and 2018, prepayments, deposits and other receivables were denominated in RMB.

11 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 2019, 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**	**RMB**
At 1 January 2019	820,000,000	8,200,000	56,639,012
Share buy-back and cancellation *(Note)*	(1,900,000)	(19,000)	(131,237)
At 31 December 2019	818,100,000	8,181,000	56,507,775

Note: During the year ended 31 December 2019, the Company bought back and cancelled 1,900,000 shares at the cost of HKD10,640,000 (equivalent to RMB9,390,000 approximately).

12 TRADE AND OTHER PAYABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Trade payables *(Note (a))*		
– Third parties	**254,192**	80,309
Other payables		
– Accrued expenses	**43,328**	19,780
– Amounts collected on behalf of property owners	**301,852**	219,788
– Others	**8,347**	4,031
	353,527	243,599
Accrued payroll	**137,752**	72,026
Other tax payables	**28,289**	20,812
	773,760	416,746

(a) At 31 December 2019 and 2018, the ageing analysis of the trade payables based on invoice date were are follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Within 1 year	**252,864**	79,388
1 to 2 years	**722**	533
2 to 3 years	**241**	251
Over 3 years	**365**	137
	254,192	80,309

13 DIVIDENDS

	For the year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Dividends	**82,000**	59,000

A final dividend in respect of 2018 of RMB0.1 per ordinary share, amounting to RMB82,000,000 was approved at the annual general meeting of the Company held on 20 May 2019. The dividend is reflected as an appropriation of share premium. As of 31 December 2019, the dividend had been fully paid.

At a Board meeting held on 13 March 2020, the directors proposed a final dividend for 2019 of RMB0.18 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 2020 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

14 SUBSEQUENT EVENT

Following the outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc.

In light of the negative impact brought upon by the COVID-19 outbreak in short term, it may lead to increase of costs incurred by additional hygiene and epidemic prevention requirements when rendering basic property management services, as well as decrease of revenue from value-added services including property developer-related services and smart community services due to various level of restrictions and controls over property development activities and community activities.

The Group is not yet able to quantify the aforesaid influence due to the COVID-19 outbreak. However, the Group will pay close attention to the development of the COVID-19 outbreak and its impact and will continue to perform relevant assessments and take proactive measures as appropriate.

CHAIRMAN'S STATEMENT

To Shareholders:

On behalf of the Board, I am pleased to present the annual results of the Company for the year ended 31 December 2019.

2019 marked the first complete accounting year for the Company since its listing. As a newly listed company, the Company has been strictly complying with its information disclosure obligations for public companies and maintaining close contact with the capital markets. Net profits for both 2018 and the first half year of 2019 disclosed by the Company during 2019 recorded rapid growths. The Company received a positive response from majority of investors and its market value has repeatedly reached historical highs. At the same time, the Company has been recognized by more and more organizations from industry and third-parties, and has been successively awarded "Top 10 Listed Property Management Service Providers in 2019", "13th of Top 100 Property Management Service Companies in China in 2019", "Top 50 Property Management Service Enterprises in terms of Brand Value in 2019", "Top 10 of the Top 100 Property Management Service Companies in China in terms of growth in 2019", "Blue Chip Property Management Companies in 2019" and other awards by the organizations, including China Property Management Association, China Index Academy, China Property Management Research Institution.

The golden era of the property management industry

The property management industry was one of the most eye-catching industries in the capital market in 2019, with 11 companies tapping into the capital market through IPOs or restructurings during this year. The growth in the property management sector throughout the year was among the highest in Hong Kong capital market, among which, six companies recorded annual stock price increases of more than 100%. The property management industry is one of the only few industries that managed to maintain the certainty in its growth, while the trade protectionism resulting in uncertainty in the global economy growth in 2019, for which the property management industry was sought after by the capital markets.

China is at a preliminary stage of expansion in consumer services and the property management industry is just at the beginning of a radical industry change. We believe that it is currently the golden era for the property management industry for the below reasons: 1) increase in industry demand: Chinese residents are paying more attention to service experience, which will stimulate innovation in property management services and promote the continuous growth in industry scale and prices; 2) high-tech empowered approach: the property management industry connects communities and residents with a large number of IoT, big data, and application scenarios of AI. At present, more and more high-tech applications have been applied in property management companies; 3) convergence of high-end talents: with more and more companies going public, property management companies offer more incentives to attract high-end talents. With the increasing frequent application of high technology, high-end talents are increasingly demanded by the industry.

Business Review

In 2019, the Company has achieved a rapid and high quality growth. While achieving rapid growth in each financial indicators, the Company also recorded rapid growth in the satisfaction of its property management service. In 2019, revenue of the Company amounted to RMB2,024.0 million, representing a year-on-year increase of 72.5%, mainly attributable to a year-on-year increase of more than 250% in community value-added services and smart community services (i.e., the original "professional services"). In 2019, net profit of the Company amounted to RMB301.9 million, representing a year-on-year increase of 82.9%, while net profit attributable to equity shareholders of the Company amounted to RMB282.0 million, representing a year-on-year increase of 85.3%. Profitability of the Company in 2019 has also been further enhanced. Overall gross profit margin of the Company increased by 0.2 percentage points to 29.6% compared with 2018, while net profit margin of the Company increased by 0.8 percentage points to 14.9% compared with 2018. Net cash flow of the Company from operating activities amounted to RMB544.7 million.

With regard to property management service business, revenue of property management of the Company amounted to RMB849.0 million in 2019, representing a year-on-year increase of 16.0%. As of the end of 2019, the Company recorded gross floor area ("**GFA**") under management amounting to 60.2 million sq.m., representing a year-on-year increase of 40.3%, and contracted GFA amounting to 152.8 million square meters, representing a year-on-year increase of 36.2%. The ratio of the contracted GFA and the GFA under management of the Company maintained at a relatively high level of 2.54. Thanks to the rapid growth in both contracted GFA and GFA under management, the Company's revenue generated from property management services will be expected to grow steadily. In 2019, the Company has made efforts to explore opportunities from third parties by increasing its number of staff to business development teams of the Company by 100% compared with the end of 2018. The Company's contracted GFA acquired from third parties in 2019 reached 10.1 million sq.m., of which more than 70% are new projects. In 2019, the Company expanded its expansion channels by establishing joint venture property management companies with small-medium sized regional real estate developers. These joint venture property management companies will provide property management services for all real estate projects developed or will be developed by these developers in the future. In 2019, we established joint ventures with 3 real estate developers and locked up a total of more than 8 million sq.m. of potential GFA under management. In 2019, the gross profit margin of our property management services increased by 0.7 percentage points compared with 2018, reaching 28.5%, which was mainly attributable to: 1) new project ratio of the Company continued to increase, while new projects generally have a higher gross profit margin; 2) the Company continued to optimize the project portfolio and gradually removed some of the projects with poor profitability and have no potential for improvement out of our business portfolio; 3) the Company has improved the incentive mechanism for the first-line management team so that the first-line management team could reap the project profits and satisfaction results they have achieved.

With regard to community-related value-added services, annual revenue in 2019 amounted to RMB176.1 million, a year-on-year increase of 267.7%, representing 8.7% of the total revenue of the Company. Meanwhile, gross profit of the community-related value-added services amounted to RMB113.2 million, representing 18.9% of the total gross profit of the Company. The rapid growth in revenue from community-related value-added service was due to the significant growth in asset management business segment and ready-to-move-in services segment of the Company. As for the asset management business segment, the Company has started a pilot parking space sales agency business since 2018, which had achieved a breakthrough in growth in 2019, with 4,561 parking spaces being sold throughout the year. Regarding the ready-to-move-in business segment, the growth momentum was driven by the increase in the number of new handover projects and the new self-operated business developed by the Company. The core competency of community value-added services for us is the marketing ability to owners. In 2019, we focused on cultivating marketing capabilities for business units from headquarters to various projects level and certain self-operated products, all of which achieved significant results.

With regard to smart community business, the annual revenue in 2019 amounted to RMB351.2 million, representing a year-on-year increase of 263.1%. The rapid growth in this business segment is mainly due to aggressive expansion in smart engineering construction of the Company. The business scope of our smart projects construction has expanded from residential projects to large smart mall projects. In 2019, we completed a total of 14 large-scale smart mall projects. At the same time, the parking management system of Shanghai Shuyuan Information Technology Co., Ltd. (上海數淵信息科技有限公司) ("**Shanghai Shuyuan**") acquired by the Company in 2019 completed a total of 21 parking projects throughout the year. The smart home business of Shanghai Shuyuan was treated as a self-operated product targeting to owners upon handover of our new projects since September 2019. We believe that smart home solutions and products will become a new growth point of smart community business of the Company.

With regard to developer-related value-added services, annual revenue amounted to RMB647.7 million in 2019, representing a year-on-year increase of 118.3%. The growth of this business was mainly due to the year-on-year increases in number of new sales offices and the delivery GFA of Seazen Group Limited (listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code: 1030, together with its subsidiaries, the "**Seazen Group**") in 2019. We will, as always, provide quality services to Seazen Group and strengthen the strategic cooperative relationship between the two parties. We provided sales offices service or consulting services for 30 cooperating third-party developers in 2019. Revenue from value-added services provided by third-party developers accounted for 5.8% of that from developer-related value-added services.

Prospects

Earlier this year, the country was faced with an unprecedented outbreak of COVID-19. Against such a backdrop, the property practitioners nationwide, as the most basic social management unit, are actively cooperating with relevant authorities in epidemic prevention and control. We are determined to fulfill the social responsibilities of property enterprises and always take pride in our efforts to make property owner's health and safety as our top priority. In view of the recent advances in virus research, and the concerted efforts made by the whole nation to fight against the disease, we believe that the situation can be quickly brought under control and social economic activities will get back on a normal track.

In the prevention and control of the outbreak, the front-line staff of the Company has demonstrated excellent service spirit which we believe such spirit are perceived by the owners, which will in turn further strengthen the trust and connection between the Company and the owners, thus laying a solid foundation for the sound and rapid development of the Company's business.

In 2019, the Company formulated a new three-year strategic plan and established a corporate vision of "achieving excellence for a happy community": response to customer's demands in an efficient way, develop digital and intelligent technology to build a happy life, provide quality service for the enjoyment of the owners, and improve our system so that our employees can enjoy working here. We have built a three-year core strategic initiative of "one core and two increments". We took customer service satisfaction as our core concern, strived to increase our business by acquiring projects from third parties based on our strategic distribution, and developed services focusing on sustainable business for owners to generate profits.

We will further optimize the employee incentive system of the Company, including equity incentive for middle and senior management, special incentive mechanism for city companies and business units, and partner incentive mechanism for project Group. The Company will further enhance system innovation of project management and customer services, promote the project Group management system and network customer service mechanism one step at a time in an all-around way, improve customer service experience and management efficiency, so as to control costs effectively. Moreover, the Company will continue to optimize risk management and control mechanism, including internal financial and cost control mechanism, internal audit system and emergency management mechanism, and will complete the construction and implementation of the intelligent platform of the Group, thereby manage risk prevention and control from post event to during the course of the event and with the ultimate aim of reaching pre-event risk management and control.

We firmly believe that the property management industry is at its golden era, and the Company is also at a new starting point of corporate development. To this end, we will continue to fulfill our obligations to the society, our customers, staff and shareholders, continue to make improvement and create opportunities for value creation.

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 once again has been ranked among the Top 10 of the Top 100 Property Management Service Companies in China in terms of growth selected by China Index Academy in 2019. At the same time, the Group ranked 13th among the Top 100 Property Management Service Providers in China in 2019, and moved up three places from 2018, maintaining a strong upward momentum.

In terms of property management services, as the completion rate across the real estate industry picks up, residential property delivery will see leap frog development. Based on the good cooperation relationship between the Group and Seazen Group, our GFA under management is beginning to grow rapidly, which will certainly increase our revenue from property management service. In terms of value-added services, the Group proactively deployed community-related value-added services and smart community services according to its established plans. With sufficient team members and improved business capability, these two business segments saw phenomenal growth.

FINANCIAL REVIEW

Revenue

In 2019, the revenue of the Group amounted to RMB2,024.0 million, representing an increase of 72.5% over the same period in 2018, which was RMB1,173.4 million.

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

	2019 ***RMB'000***	2018 *RMB'000*	Growth rate *%*
Property management services	**848,955**	732,025	16.0
Developer-related value-added services	**647,748**	296,746	118.3
Community-related value-added services	**176,093**	47,890	267.7
Smart community services	**351,230**	96,727	263.1
Total	**2,024,026**	1,173,388	72.5

- ***Property management services***

In 2019, the property management services revenue of the Group amounted to RMB849.0 million, representing an increase of 16.0% over the same period in 2018, which was RMB732.0 million, accounting for 41.9% in the revenue. The increase in property management services revenue was in line with the increase in GFA under management and unit price of property management fee.

The change in GFA under management of the Group is set out in the following table:

	As of or for the year ended 31 December							
	2019					2018		
	GFA under management	**Area proportion**	**Proportion of revenue from property management service**	**Net increase**	**Growth rate**	GFA under management	Area proportion	Proportion of revenue from property management service
	thousand sq.m.	***%***	***%***	***thousand sq.m.***	***%***	*thousand sq.m.*	*%*	*%*
Seazen Group	**42,797**	**71.1**	**77.5**	**12,324**	**40.4**	30,473	71.1	78.1
Third parties	**17,355**	**28.9**	**22.5**	**4,941**	**39.8**	12,414	28.9	21.9
Total	**60,152**	**100.0**	**100.0**	**17,265**	**40.3**	42,887	100.0	100.0

Details of the change in GFA under management of the Group are set out in the following table:

	As of or for the year ended 31 December	
	2019	2018
	thousand sq.m.	*thousand sq.m.*
At the beginning of the period	**42,887**	36,277
Handover	**18,524**	7,530
Including:		
Handover - Seazen Group	**12,350**	4,295
Handover - Third parties	**6,174**	3,235
Terminations	**1,259**	920
Including:		
Terminations - Seazen Group	**26**	0
Terminations - Third parties	**1,233**	920
At the end of the period	**60,152**	42,887

As of 31 December 2019, the GFA under management of the Group amounted to 60.2 million square meters, representing an increase of 40.3% over the same period in 2018, which was 42.9 million square meters, among which, the GFA under management of Seazen Group accounted for 71.1% or amounted to 42.8 million square meters, while the GFA under management of the third parties accounted for 28.9% or amounted to 17.4 million square meters. As of 31 December 2019, the age of existing projects of the Group is relatively young, and more than 60% of GFA under management of those projects is less than five years.

The increase in the GFA under management is mainly due to the delivery of new houses. As the completion of the real estate industry picks up, the growth rate of the GFA under management of the Group starts to gain traction, and there will be a lot of new houses delivered each year in the future. Apart from the projects from Seazen Group, the Group has kept its focus on new third-parties projects as the main expansion target. Meanwhile, the third-party projects expanded in the past are being delivered gradually. Among the 6.2 million square meters of third-party projects that have been handed over in 2019, the newly delivered projects amounted to 5.2 million square meters, accounting for 84.7%. The proportion of third-party area of the Group showed no sign of decline when large amount of handovers took place in Seazen Group, reflecting the effectiveness of the third parties expansion strategy.

The regional distribution of GFA under management of the Group is set out in the following table:

	As of or for the year ended 31 December			
	2019		2018	
Regions	**Percentage in property management services revenue %**	**Percentage in GFA under management %**	Percentage in property management services revenue %	Percentage in GFA under management %
Yangtze River Delta	**83.3**	**80.8**	82.7	86.7
Of which: Jiangsu Province	**58.9**	**60.7**	62.0	68.1
Bohai Rim	**2.2**	**3.7**	1.9	1.7
Midwest	**11.5**	**12.5**	11.3	9.6
Pearl River Delta	**0.1**	**0.5**	0.0	0.0
Other regions	**2.9**	**2.5**	4.1	2.0
Total	**100.0**	**100.0**	100.0	100.0

Notes: Yangtze River Delta includes: Jiangsu, Shanghai and Zhejiang
Bohai Rim includes: Shandong, Tianjin, Beijing and Hebei
Midwest includes: Anhui, Jiangxi, Hunan, Hubei, Henan, Shaanxi, Shanxi, Sichuan and Chongqing
Pearl River Delta includes: Guangdong

Driven by the rapid growth of the GFA under management of the Group, our strategic priority areas became more evenly distributed, especially in Midwest and Bohai Rim, where the proportion of the GFA under management continued to increase. The Group will strengthen its expansion efforts in key areas in the future to boost the growth in management scale in each region, so as to benefit from economies of scale.

Change of contracted GFA of the Group is set out in the following table:

	As of or for the year ended 31 December				
	2019				2018
	Contracted GFA *thousand sq.m.*	**Contracted GFA proportion** *%*	**Net increase** *thousand sq.m.*	**Growth rate** *%*	Contracted GFA *thousand sq.m.*
Seazen Group	**119,413**	**78.2**	**31,724**	**36.2**	87,689
Third parties	**33,364**	**21.8**	**8,854**	**36.1**	24,510
Total	**152,777**	**100.0**	**40,578**	**36.2**	112,199

The regional distribution of contracted GFA of the Group is set out in the following table:

	As of or for the year ended 31 December	
	2019	2018
Regions	**Percentage in contracted GFA %**	Percentage in contracted GFA %
Yangtze River Delta	**55.7**	64.1
Of which: Jiangsu Province	**42.4**	48.6
Bohai Rim	**10.0**	7.7
Midwest	**22.9**	20.9
Pearl River Delta	**3.5**	2.2
Other regions	**7.9**	5.1
Total	**100.0**	100.0

As of 31 December 2019, the contracted GFA of the Group amounted to 152.8 million square meters, representing an increase of 36.2% from 112.2 million square meters of the same period in 2018, among which, the contracted GFA of Seazen Group accounted for 78.2% or amounted to 119.4 million square meters, while the contracted GFA of the third parties accounted for 21.8% or amounted to 33.4 million square meters. Benefited from the good cooperation relationship with Seazen Group and the steady capability growth of business with third parties, the contracted GFA of the Group has maintained a high growth rate, laying a solid foundation for further management development.

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

In 2019, the revenue from developer-related value-added services of the Group amounted to RMB647.7 million, representing an increase of 118.3% from RMB296.7 million of the same period in 2018, among which the revenue from developer-related value-added services provided to third parties accounted for 5.8%. During the year, the rapid growth of revenue from this segment is mainly due to the increased demand for such service from developers, the number of sales office and delivery batches provided by us has significantly increased.

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

As the key development segment of the Group, the community-related value-added services have made satisfying achievement in 2019. During the year, the revenue from community-related value-added services of the Group amounted to RMB176.1 million, representing an increase of 267.7% from RMB47.9 million of the same period in 2018. In 2019, the Group strengthened the service categories and worked to provide targeted services for house owners, which has made remarkable achievements. As a result, the proportion of community-related value-added services revenue grew rapidly, accounting for 8.7% in total revenue, representing an increase of 4.6 percentage points from 4.1% in 2018.

Xinchengju(新橙居): Provision of extensive decoration services, with revenue reached RMB79.8 million, accounting for 45.3% in community-related value-added services revenue

In line with the large amount of new house to be delivered each year in the future, the Group has upgraded the business mode for original ready-to-move-in business in 2019. In other words, certain types of products or services are sold by the Group's sales staff or property management service personnel, to tap into the potential decoration needs for each project. The rapid growth of revenue from Xinchengju(新橙居) service, on the one hand, is due to the rapid increase in the GFA under management, on the other hand, is attributed to the mode upgrading directly, with a penetration rate for a single project surpassing 40% in some highly standardized niche services. The Group will strive to provide more service categories for owners, covering longer housing life cycle to improve owner experience.

Chengxiangjia(橙享家): Provision of asset management service, with revenue reached RMB60.9 million, accounting for 34.6% in community-related value-added services revenue

As the business commenced operation at the end of 2018, Chengxiangjia(橙享家)witnessed a jump in its service revenue, which shows this segment is of great value. Currently, the revenue from Chengxiangjia(橙享家)business is mainly from the agency sales of the remaining parking spaces. In 2019, the parking spaces sold by the Group are 4,561 from 12 cities. With the development of Chengxiangjia(橙享家)business, the Group's ability to sell large valuable assets have has been enhanced. To this end, more services related to owner's assets are expected to be launched in the future.

Xinyuehui(新悅薈): Provision of public resource management service, with revenue reached RMB23.3 million, accounting for 13.2% in community-related value-added services revenue

As there is a sustainable demand for public resource management service, the increase in its revenue is in line with the increase in the GFA under management. The Group also added more convenience services in 2019, such as charging service for electric bicycles, shared service and recycling service in the communities.

Xinchengshe(新橙社): Provision of sales of online products and service, with revenue reached RMB12.1 million, accounting for 6.9% in community-related value-added services revenue

The revenue from Xinchengshe(新橙社) service amounted to RMB12.1 million, representing an increase of 136.8% from the same period in 2018. The main types of products for sale include household appliances, rice, fruits and household supplies.

- ***Smart community services (originally the "professional services")***

  The Group provided smart equipment related services to property owners and families in the community area, as well as smart engineering construction services to developers. Revenue from smart community services amounted to RMB351.2 million in 2019, representing an increase of 263.1% as compared to RMB96.7 million for the corresponding period in 2018. The significant increase in revenue from smart community services was mainly due to the increase in smart engineering construction services.

  Smart community service provided to property owners: revenue amounted to RMB45.1 million, accounting for 12.9% of the services income from smart community services

  Such service is targeted at the communities after handover, to meet the continuous maintenance and upgrading needs for elevator and smart facilities within the communities. In addition, such service also aims to provide indoor smart home solutions or products for property owners in the residential area. Revenue from such service is positively correlated with the scale of management of the Group.

  Smart community service provided to developers: revenue amounted to RMB306.1 million, accounting for 87.1% of the services income from smart community services

  The smart community service provided to developers by the Group recorded a fast growth in 2019, which brought a substantial income for the Group. Such service involves the installation of smart facilities for the new communities to be handed over, and is an extension of smart community services for property owners, which will help the Group to provide more systematic equipment maintenance service for property owners after handover.

Cost of sales

For the year ended 31 December 2019, the cost of sales of the Group amounted to RMB1,424.1 million, representing an increase of 71.9% as compared to RMB828.4 million in 2018. The increase of the cost of sales was mainly due to the rapid growth of our businesses. However, because the cost was growing at a slightly slower rate than that of the revenue, our overall gross profit margin has increased.

Gross profit and gross profit margin

	2019				2018		
	Gross profit *RMB'000*	Gross profit margin *%*	Percentage of gross profit *%*	Change in gross profit margin *%*	Gross profit *RMB'000*	Gross profit margin *%*	Percentage of gross profit *%*
Property management services	**242,343**	**28.5**	**40.4**	**0.7**	203,503	27.8	59.0
Developer-related value-added services	**180,428**	**27.9**	**30.0**	**2.4**	75,718	25.5	22.0
Community-related value-added services	**113,194**	**64.3**	**18.9**	**-17.4**	39,118	81.7	11.3
Smart community services	**63,914**	**18.2**	**10.7**	**-9.4**	26,683	27.6	7.7
Total	**599,879**	**29.6**	**100.0**	**0.2**	345,022	29.4	100.0

For the year ended 31 December 2019, the gross profit of the Group amounted to RMB599.9 million, representing an increase of 73.9% as compared to RMB345.0 million for the corresponding period in 2018. Gross profit margin was 29.6%, up 0.2 percentage points from 29.4% for the corresponding period in 2018.

- ***Property management services: gross profit margin was 28.5%, gross profit amounted to RMB242.3 million, and percentage of gross profit was 40.4%***

  For the year ended 31 December 2019, the gross profit margin of property management services was 28.5%, representing an increase of 0.7 percentage points as compared to the corresponding period in 2018. The increase in gross profit margin was due to (i) the delivery of new projects; (ii) the optimization of the existing project portfolios; and (iii) the Company has improved the incentive mechanism for the first-line management team so that the first-line management team could reap the project profits and satisfaction results they have achieved. Following the delivery of new projects and charging of property management fees, the Group still expects possible growth of the gross profit margin of property management in the future on the premises that there are no change in other circumstances.

- ***Developer-related value-added services: gross profit margin was 27.9%, gross profit amounted to RMB180.4 million, and percentage of gross profit was 30.0%***

  For the year ended 31 December 2019, the gross profit margin of developer-related value-added services was 27.9%, representing an increase of 2.4 percentage points as compared to the corresponding period in 2018. The increase of its gross profit margin was due to (i) the change in income structure; and (ii) the enhancement of cost control.

- ***Community-related value-added services: gross profit margin was 64.3%, gross profit amounted to RMB113.2 million, and percentage of gross profit was 18.9%***

  For the year ended 31 December 2019, the gross profit margin of community-related value-added services was 64.3%, representing a decrease of 17.4 percentage points as compared to the corresponding period in 2018. In 2019, more new business model and services were added by the Group to community-related value-added services, which changed the income structure of community-related value-added services and caused a change in gross profit margin. Although the gross profit margin of community-related value-added services recorded a decrease, the Group believed this to be a predictable and healthy performance, and reflected that the value-added services provided to property owners by the Group are becoming diversified and balanced. The introduction of the new business model has also led the gross profit of community-related value-added services record a year-on year increase of 189.4%.

- ***Smart community services: gross profit margin was 18.2%, gross profit amounted to RMB63.9 million, and percentage of gross profit was 10.7%***

  For the year ended 31 December 2019, the gross profit margin of community-related value-added services was 18.2%, representing a decrease of 9.4 percentage points as compared to the corresponding period in 2018. Similarly, the decrease in gross profit margin was due to the change in income structure, mainly resulting from the provision of vast smart community services by the Group to developers during this year.

Administrative expenses

For the year ended 31 December 2019, administrative expenses were RMB233.9 million, representing an increase of 58.4% over RMB147.7 million for the corresponding period in 2018. The Group recorded certain option expenses in 2019, but it has less impact on the Group than that of the listing expenses in 2018. Meanwhile, thanks to the Group's long-term effective cost control measures, the growth rate of administrative expenses was lower than that of the Group's income.

Other gains

During the year, the Group's other gains amounted to RMB5.7 million, representing a decrease of 69.0% over the corresponding period in 2018. The change was mainly caused by the fluctuations in exchange rates during the year.

Income tax

For the year ended 31 December 2019, the income tax was RMB90.1 million, representing an increase of 86.3% as compared to RMB48.4 million for the corresponding period in 2018. The tax rate was 23.0%, slightly higher than 22.7% in the corresponding period of 2018. The increase in the tax rate was mainly due to the application of a 25% income tax rate to individual new subsidiaries at the end of the year, which raised the overall tax rate.

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 that is subject to Hong Kong profits tax for the year ended 31 December 2019, the Group did not make provision for Hong Kong profits tax accordingly.

Profit for the period

For the year ended 31 December 2019, the Group's profit was RMB301.9 million, an increase of 82.9% from RMB165.1 million for the corresponding period in 2018; the net profit attributable to equity shareholders of the Company was RMB282.0 million, an increase of 85.3% as compared with RMB152.2 million for the corresponding period of last year; and the net profit margin was 14.9%, up 0.8 percentage points from 14.1% in the corresponding period of last year.

Liquidity, reserves and capital structure

As of 31 December 2019, the Group maintained a sound financial position. As at 31 December 2019, the current assets of Group were RMB2,052.0 million, representing an increase of 35.2% as compared to RMB1,517.5 million as at 31 December 2018. The cash and cash equivalents of the Group were RMB1,339.1 million, representing an increase of 4.5% as compared to RMB1,281.3 million as at 31 December 2018. The Group has sufficient cash, bearing no bank loans and is in a net cash position. As at 31 December 2019, the current ratio of the Group was 1.7, which was at a very stable level.

As at 31 December 2019, the Group's total equity was RMB966.9 million, representing an increase of 10.1% as compared to RMB877.9 million as at 31 December 2018. The change in equity was due to (i) profit accumulation; (ii) payment of cash dividend; and (iii) the writing off on ordinary share repurchase.

Trade receivables

For the year ended 31 December 2019, trade receivables reached RMB262.8 million, representing an increase of 103.5% from RMB129.1 million at the end of last year. The Group conducted a strict control over trade receivables in the second half of 2019, and the turnover days of trade receivables were 35 days, which was considered to be at a relatively exceptional level.

Property, plant and equipment

Property, plant and equipment amounted to RMB9.0 million as at 31 December 2019, representing an increase of 6.7% as compared to RMB8.4 million as at 31 December 2018. It is mainly due to the additions of equipment required for normal operations.

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables mainly consist of other receivables due from property owners, utilities, operational prepayments and others. Prepayments, deposits and other receivables amounted to RMB100.3 million as at 31 December 2019, representing an increase of RMB4.9 million as compared to RMB95.4 million as at the end of 2018. It is mainly attributable to the significant increase in pre-paid utilities and project deposits as a result of the increase in number of projects under management.

Trade and other payables

As at 31 December 2019, trade and other payables amounted to RMB773.8 million, representing an increase of RMB357.0 million as compared to RMB416.7 million as at 31 December 2018. The increase was mainly due to an increase in trade and other payables due to third parties and an increase in accrued salaries.

Contract liabilities

Contract liabilities mainly represent customer advances for property management services of RMB390.3 million as at 31 December 2019, representing an increase of 56.9% as compared to RMB248.8 million in 2018. It was mainly due to the increase in the number of projects under management and customers.

Borrowings

As at 31 December 2019, the Group had no borrowings.

Significant Investment

During the year, the Group held no significant investment.

Pledge of Assets

As at 31 December 2019, the Group did not pledge any assets.

Foreign Exchange Risk

Since all of the Group's business were located in China, revenue and profits for the year ended 31 December 2019 were calculated in Renminbi. The foreign currency held by the Group was mainly the proceeds from listing, all of which were in Hong Kong dollars. The Group did not consider that there was significant foreign currency exchange risk.

Subsequent Event

Following the outbreak of Coronavirus Disease 2019 (the "**COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc.

In light of the negative impact brought upon by the COVID-19 outbreak in short term, it may lead to increase of costs incurred by additional hygiene and epidemic prevention requirements when rendering basic property management services, as well as decrease of revenue from value-added services including property developer-related services and smart community services due to various level of restrictions and controls over property development activities and community activities.

The Group is not yet able to quantify the aforesaid influence due to the COVID-19 outbreak. However, the Group will pay close attention to the development of the COVID-19 outbreak and its impact and will continue to perform relevant assessments and take proactive measures as appropriate.

Use of Net Proceeds from Listing

The Company was successfully listed on the Main Board of 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 of 31 December 2019, the Company has utilized RMB167.7 million of the proceeds from listing, which 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:

– Approximately 60% for the acquisition of property management service companies and the acquisition of property management projects (6.7% used), which is expected to be fully used before 31 December 2021;

– Approximately 15% for the expansion of our value-added services business line (38.7% used), which is expected to be fully used before 31 December 2021;

– Approximately 15% for the investment in advanced technology and employees to create more efficient services for our residents, to improve the efficiency of internal information management system and the quality of the standardized services (75.6% used),which is expected to be fully used before 31 December 2021; and

– Approximately 10% for working capital and general corporate purpose (fully used).

Material Acquisition and Disposal

On 6 May 2019, Changzhou Wanrui Intelligent System Engineering Co., Ltd.* (常州市萬睿智能系統工程有限公司), a subsidiary of the Company, purchased 100% equity interest of Shanghai Shuyuan, a company incorporated in the PRC which is principally engaged in the research, sales and construction in relation to smart home indoor products and smart car parking system products, at the consideration of RMB29,941,500.

Save as to the aforesaid, during the year ended 31 December 2019, the Company did not have any material acquisition or disposal of subsidiaries, associates or assets.

Dividend

The Board recommends the payment of a final dividend of RMB0.18 per share for the year ended 31 December 2019. The final dividend is still subject to approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company (the "**AGM**") to be held on 18 June 2020, and is expected to be paid on 10 July 2020 to the Shareholders whose names appear on the register of members of the Company as at 24 June 2020.

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 15 June 2020 to 18 June 2020 (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 12 June 2020.

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 24 June 2020 to 29 June 2020 (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 23 June 2020.

Changes in Directors' and Chief executive Information

Mr. Cai Wenwei, the chief financial officer of the Company, resigned on 1 April 2019 and Mr. Zuo Wei was appointed as the chief financial officer of the Company with effect from 1 April 2019. Mr. Wang Zhenhua, a former non-executive Director, resigned on 8 July 2019, and Mr. Wang Xiaosong was appointed as a non-executive Director on the same day.

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Corporate Governance Code

The Group is committed to maintaining a high standards of corporate governance to safeguard Shareholders' interests and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Listing Rules as its governance code. 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 2019. The Company will continue to review and monitor its corporate governance practices to ensure 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 strategic development and business plan of the Group. In view of the current status of the Group's development, the Board considers that the same individual who performs two positions of Chairman and Chief Executive Officer can provide a strong and consistent leadership to the Company and be conducive to the implementation and execution of the Group's business strategy. Nevertheless, we will review the structure from time to time based on the prevailing circumstances. The Board will continue to evaluate the situation and consider the separation of the roles of Chairman and Chief Executive Officer when appropriate, taking into account the general conditions of the Group then.

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 the code of conduct for the securities transactions by Directors. Having made specific enquiries with all the Directors, each of the Directors have confirmed that he/she has complied with the required standard set out in the Model Code during the year ended 31 December 2019.

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 2019, the Company granted a total of 16,000,000 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.

Purchase, Sale or Redemption of Listed Securities

The Company has repurchased 1,900,000 shares through the Stock Exchange at a total consideration of approximately HKD10.6 million on 8 July 2019. As of the date of this announcement, all repurchased shares were cancelled.

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 2019.

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 2019, no shares were granted to any selected employees under the Share Award Scheme.

EVENT DURING THE REPORTING PERIOD

Change of Company Name and Stock Short Name

On 20 May 2019, the Shareholders passed a resolution at the 2019 AGM to change the name of the Company from "Xinchengyue Holdings Limited" to "S-Enjoy Service Group Co., Limited" in English and from "新城悅控股有限公司" to "新城悅服務集團有限公司" in Chinese. The new name of the Company was registered in the Cayman Islands on 21 May 2019 and the Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands to the Company on 21 May 2019. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong to the Company on 24 June 2019. The stock short name of the Company for trading in the Shares on the Stock Exchange was changed from "XINCHENGYUE" to "S-ENJOY SERVICE" in English and from "新城悅" to "新城悅服務" in Chinese with effect from 9:00 a.m. on 4 July 2019. The stock code of the Company of "1755" on the Stock Exchange remains unchanged.

Further details of the change of company name are set out in the announcements of the Company dated 1 April 2019 and 28 June 2019 and the circular of the Company dated 15 April 2019.

Audit Committee

The Board has established an audit committee (the "**Audit Committee**") with members including a non-executive Director, Mr. Lu Zhongming, and two independent non-executive Directors, Ms. Zhang Yan (Chairman) and Mr. Zhu Wei. The primary responsibility of the Audit Committee is to review and supervise 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 2019.

This annual results announcement is based on the Group's audited consolidated financial statements for the year ended 31 December 2019 as agreed with the auditors of the Company.

Publication of the Annual Results and 2019 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 2019 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.

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

Hong Kong, 13 March 2020

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*