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**SCE Intelligent Commercial Management Holdings Limited**

**中駿商管智慧服務控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 606)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**FINANCIAL HIGHLIGHTS**

- Revenue increased significantly by approximately 63.1% to approximately RMB579.0 million.
- Gross profit margin increased by approximately 4.7 percentage points to 49.3%.
- Core profit attributable to owners of the parent (excluding the effect of one-off listing expenses) increased significantly by approximately 116.8% to approximately RMB170.3 million.
- Basic earnings per share significantly increased by approximately 52.9% to approximately RMB10.03 cents.
- The total contracted gross floor area (“GFA”) and GFA under management increased significantly by approximately 50.0% and 44.5% to approximately 41.9 million sq.m. and 18.6 million sq.m., respectively.

The board (the “**Board**”) of directors (the “**Directors**”) of SCE Intelligent Commercial Management Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020, as follows:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2021*

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>RMB'000</b>	<b>RMB'000</b>
REVENUE	5	<b>578,959</b>	354,920
Cost of sales		<b>(293,280)</b>	(196,622)
Gross profit		<b>285,679</b>	158,298
Other income and gains	5	<b>4,316</b>	4,535
Selling and marketing expenses		<b>(157)</b>	(1,725)
Administrative expenses		<b>(82,193)</b>	(51,692)
Finance cost	6	<b>(91)</b>	(25)
Share of profit of a joint venture		<b>121</b>	–
<b>PROFIT BEFORE TAX</b>	7	<b>207,675</b>	109,391
Income tax expense	8	<b>(53,510)</b>	(28,211)
<b>PROFIT FOR THE PERIOD</b>		<b>154,165</b>	81,180
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>			
Other comprehensive income/(loss) that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(2,340)</b>	2,732
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>(2,340)</b>	2,732
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>151,825</b>	83,912

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (Continued)**

*For the six months ended 30 June 2021*

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to:			
Owners of the parent		<b>150,506</b>	78,527
Non-controlling interests		<b>3,659</b>	2,653
		<u><b>154,165</b></u>	<u>81,180</u>
Total comprehensive income attributable to:			
Owners of the parent		<b>148,166</b>	81,259
Non-controlling interests		<b>3,659</b>	2,653
		<u><b>151,825</b></u>	<u>83,912</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	<i>10</i>		
Basic and diluted		<u><b>RMB10.03 cents</b></u>	<u>RMB6.56 cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30 June 2021**

	<i>Notes</i>	<b>30 June 2021 (Unaudited) RMB'000</b>	<b>31 December 2020 (Audited) RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property and equipment		<b>17,625</b>	11,240
Investment properties		<b>395</b>	491
Goodwill		<b>748</b>	748
Other intangible asset		<b>1,032</b>	1,159
Prepayments		<b>7,509</b>	3,175
Investment in a joint venture		<b>1,596</b>	1,475
Deferred tax assets		<b>6,536</b>	7,841
		<hr/>	<hr/>
Total non-current assets		<b>35,441</b>	26,129
<b>CURRENT ASSETS</b>			
Trade receivables	<i>11</i>	<b>132,072</b>	73,552
Prepayments, deposits and other receivables		<b>23,968</b>	26,635
Amounts due from related parties		<b>–</b>	487,398
Cash and bank balances		<b>912,977</b>	503,944
		<hr/>	<hr/>
Total current assets		<b>1,069,017</b>	1,091,529
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>48,696</b>	51,175
Other payables and accruals		<b>195,230</b>	195,982
Amounts due to related parties		<b>53,612</b>	156,864
Contract liabilities		<b>155,121</b>	108,650
Tax payable		<b>31,685</b>	67,013
		<hr/>	<hr/>
Total current liabilities		<b>484,344</b>	579,684
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>584,673</b>	511,845
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>620,114</b>	537,974
		<hr/>	<hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(Continued)**  
*30 June 2021*

	<b>30 June 2021 (Unaudited) RMB'000</b>	<b>31 December 2020 (Audited) RMB'000</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liability	<b>1,572</b>	–
Deferred tax liabilities	<b>258</b>	290
	<hr/>	<hr/>
Total non-current liabilities	<b>1,830</b>	290
	<hr/>	<hr/>
Net assets	<b>618,284</b>	537,684
	<hr/>	<hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	<b>10</b>	7
Reserves	<b>610,168</b>	521,702
	<hr/>	<hr/>
	<b>610,178</b>	521,709
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>8,106</b>	15,975
	<hr/>	<hr/>
Total equity	<b>618,284</b>	537,684
	<hr/>	<hr/>

## NOTES:

### 1. REORGANISATION AND BASIS OF PRESENTATION

SCE Intelligent Commercial Management Holdings Limited (formerly known as China SCE Commercial Holdings Limited) is a limited liability company incorporated in the Cayman Islands on 20 August 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 2 July 2021.

During the period, the Group was involved in the provision of property management services and commercial operational services in the People’s Republic of China (the “**PRC**”).

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on the Stock Exchange (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 23 January 2021. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 21 June 2021 (the “**Prospectus**”).

In the opinion of the directors of the Company, Happy Scene Global Limited, a company incorporated in the British Virgin Islands (the “**BVI**”), is the immediate holding company of the Company, and China SCE Group Holdings Limited (together with its subsidiaries but excluding the Group, the “**China SCE Group**”), a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange, is the controlling shareholder of the Company.

Equity interests in companies now comprising the Group held by parties other than the controlling shareholder and changes therein prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on consolidation.

### 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s historical financial information for the year ended 31 December 2020 included in the Prospectus.

### 3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions</i>

The revised standards are not relevant to the preparation of the Group's unaudited interim condensed consolidated financial statements.

### 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of property management services, value-added services and commercial operational services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

#### **Geographical information**

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China during the six months ended 30 June 2021 and 2020 and the non-current assets of the Group are substantially located in the PRC as at 30 June 2021 and 31 December 2020.

#### **Information about major customers**

For the six months ended 30 June 2021 and 2020, revenue from the China SCE Group contributed 33.1% and 34.2% of the Group's revenue, respectively.

Other than the revenue from the China SCE Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2021 and 2020.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>Type of goods or services</b>		
<b>Revenue from contracts with customers</b>		
Property management services	283,351	197,598
Value-added services	151,505	74,103
Commercial operation services	144,103	83,219
	<u>578,959</u>	<u>354,920</u>

### (a) Disaggregated revenue information

For the six months ended 30 June 2021

	Property management services (Unaudited) RMB'000	Value-added services (Unaudited) RMB'000	Commercial operation services (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Timing of revenue recognition</b>				
Services transferred over time	283,351	143,356	7,075	433,782
Services transferred at a point in time	–	8,149	137,028	145,177
Total revenue from contracts with customers	<u>283,351</u>	<u>151,505</u>	<u>144,103</u>	<u>578,959</u>

For the six months ended 30 June 2020

	Property management services (Unaudited) RMB'000	Value-added services (Unaudited) RMB'000	Commercial operation services (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Timing of revenue recognition</b>				
Services transferred over time	197,598	74,103	–	271,701
Services transferred at point in time	–	–	83,219	83,219
Total revenue from contracts with customers	<u>197,598</u>	<u>74,103</u>	<u>83,219</u>	<u>354,920</u>



**(b) Other income and gains**

An analysis of the Group's other income and gains is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Bank interest income	<b>451</b>	444
Gain on disposal of items of property and equipment, net	<b>21</b>	4
Forfeiture income on deposits received	<b>1,228</b>	1,460
Government grants	<b>2,110</b>	2,291
Others	<b>506</b>	336
	<b>4,316</b>	<b>4,535</b>

**6. FINANCE COST**

An analysis of finance cost is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interests on lease liabilities	<b>91</b>	25

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of services provided	293,280	196,622
Depreciation of property and equipment	2,133	1,376
Depreciation of right-of-use assets	768	695
Depreciation of investment properties	96	868
Amortisation of an intangible asset	127	–
Gain on disposal of property and equipment, net	(21)	(4)
Listing expenses	19,768	–
Employee benefit expense		
(including director's remuneration):		
Salaries and benefits in kind	217,216	152,814
Share-based payment expenses	789	526
Pension scheme contributions	15,262	7,902
	<u>233,267</u>	<u>161,242</u>

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the BVI, the entities within the Group incorporated in the Cayman Islands and the BVI are not subject to any income tax. No provision for Hong Kong profits tax has been made during the period as the Group did not generate any assessable profits arising in Hong Kong during these periods.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax at a rate of 25% for the periods:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax	52,237	27,254
Deferred income tax	1,273	957
	<u>53,510</u>	<u>28,211</u>

## 9. DIVIDEND

The board of directors resolved not to declare payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

For the purpose of computing basic and diluted earnings per share, the number of ordinary shares has been adjusted retrospectively for the effect of the subdivision of shares, new shares issued under the Reorganisation and the capitalisation issue on proportional basis as if these transactions had been completed on 1 January 2020.

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent of RMB150,506,000 (six months ended 30 June 2020: RMB78,527,000), and the weighted average number of ordinary shares of 1,500,000,000 (six months ended 30 June 2020: 1,196,530,834) in issue during the periods.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2021 and 2020 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during these periods.

## 11. TRADE RECEIVABLES

Trade receivables represented receivables arising from property management services, commercial operational services and other related services. For trade receivables from property management services, the Group charges property management fees on a quarterly or monthly basis and the payment is generally due upon the issuance of demand notes. For trade receivables from other services, the Group's trading terms with its customers are mainly on credit and the credit period is generally within three months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. Except for the balances with the China SCE Group, as the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are interest-free.

The amounts due from the China SCE Group are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2021 (Unaudited) RMB'000</b>	<b>31 December 2020 (Audited) RMB'000</b>
Current to 90 days	<b>122,603</b>	69,731
91 to 180 days	<b>6,811</b>	2,417
181 to 365 days	<b>1,972</b>	11
Over 365 days	<b>686</b>	1,393
	<b><u>132,072</u></b>	<b><u>73,552</u></b>

## 12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2021 (Unaudited) RMB'000</b>	<b>31 December 2020 (Audited) RMB'000</b>
Current to 90 days	<b>38,163</b>	43,619
91 to 365 days	<b>7,120</b>	5,079
Over 365 days	<b>3,413</b>	2,477
	<b><u>48,696</u></b>	<b><u>51,175</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is a service provider focusing on commercial property management services with operations in the West Taiwan Strait Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong-Hong Kong-Macao Greater Bay Area and the Central Western Region. As of 30 June 2021, there were 38 contracted commercial properties (including shopping malls and offices) with a total contracted GFA of approximately 4.9 million sq.m. and 12 commercial properties under management with a total GFA under management of approximately 1.0 million sq.m..

The Group provides professional commercial property management and operation services to property owners, tenants and consumers through the “SCE Funworld” brand. “SCE Funworld” has three different product lines: Urban Fashion, Quality Life and Urban Outlets, focusing on the young urban middle class and families, all types of urban families, urban white-collar workers and customers pursuing quality of life, providing them with tailor-made products and services and becoming the initiator and leader of a new lifestyle.

The Group also provides property management services to residential properties. As of 30 June 2021, there were 196 contracted residential projects with a total contracted GFA of approximately 37.0 million sq.m. and 113 residential projects under management with a total GFA under management of approximately 17.6 million sq.m..

In January 2021, ten departments, including the Ministry of Housing and Urban-Rural Development, the National Development and Reform Commission and the China Banking and Insurance Regulatory Commission, jointly issued the Notice on Strengthening and Improving the Management of Residential Properties, reflecting the PRC government’s support for the establishment of owners’ associations and market-oriented pricing, as well as the promotion of community value-added services and the application of technology. The Group is convinced that the above measures will effectively accelerate the development of the property management segment, especially value-added services. The development of value-added services is still in its infancy in the industry and has immeasurable development potential. On the premise of the PRC government’s strong support for value-added services, the development of value-added services will effectively multiply the additional revenue generated from the increase in GFA of properties under management.

## BUSINESS REVIEW

During the six months ended 30 June 2021 (the “**Period**”), the Group conducted business activities in the following major business segments, namely (i) commercial property management and operation services; and (ii) residential property management services.

During the Period, the Group’s revenue and gross profit margin by business segment are as follows:

	Six months ended 30 June			
	2021		2020	
	Revenue	Gross Profit	Revenue	Gross Profit
	<i>RMB’000</i>	<i>%</i>	<i>RMB’000</i>	<i>%</i>
Commercial property management and operation services	280,633	63.8%	160,627	61.7%
Residential property management services	298,326	35.7%	194,293	30.5%
Total	578,959	49.3%	354,920	44.6%

### Commercial property management and operation services

During the Period, the Group’s commercial property management and operation services segment recorded total revenue of approximately RMB280.6 million, representing a year-on-year increase of approximately 74.7%; GFA under management of approximately 1.0 million sq.m., representing a year-on-year increase of approximately 48.1%; the number of projects under management of 12 projects, representing an increase of 6 projects; and contracted GFA of approximately 4.9 million sq.m., representing a year-on-year increase of approximately 102.8%.

During the Period, the Group’s commercial property management and operation services segment recorded a high gross profit margin of 63.8%, representing an increase of 2.1 percentage points year-on-year, mainly due to the increase in the proportion of revenue recorded from the provision of pre-opening management services in total revenue.

During the Period, the contracted GFA, GFA under management and revenue under the Group's commercial property management and operation services segment by geographical area are as follows:

	Six months ended 30 June					
	Contracted GFA <i>sq.m.</i>	2021 GFA under Management <i>sq.m.</i> (in thousands)	Revenue <i>RMB</i>	Contracted GFA <i>sq.m.</i>	2020 GFA under Management <i>sq.m.</i> (in thousands)	Revenue <i>RMB</i>
Yangtze River Delta Economic Zone	2,269	398	188,402	645	345	114,016
West Taiwan Strait Economic Zone	891	583	70,232	786	300	32,232
Bohai Rim Economic Zone	492	54	18,487	302	54	14,379
Guangdong-Hong Kong-Macao Greater Bay Area	611	–	1,405	337	–	–
Central Western Region	624	–	2,107	340	–	–
Total	<u>4,887</u>	<u>1,035</u>	<u>280,633</u>	<u>2,410</u>	<u>699</u>	<u>160,627</u>

Certain information of the Group's commercial properties under management as of 30 June 2021 and 2020 is set out below:

Project	Opening Date <i>Month-Year</i>	Property Type	Location	Geographic Region	Occupancy Rate <sup>(1)</sup>		GFA under Management	
					2021 %	As of 30 June 2020 %	2021 <i>sq.m.</i>	2020 <i>sq.m.</i>
Xiamen SCE Building <sup>(2)</sup>	January 2007	Office building	Xiamen	West Taiwan Strait Economic Zone	94.8	N/A	50,309	N/A
Beijing CBD SCE Funworld	September 2009	Shopping street	Beijing	Bohai Rim Economic Zone	71.2	73.8	54,484	54,484
Quanzhou SCE Funworld	May 2014	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	92.4	89.1	180,929	180,929
Gala Fun <sup>(2)</sup>	December 2014	Shopping street	Quanzhou	West Taiwan Strait Economic Zone	62.2	N/A	11,729	N/A
Shanghai SCE Plaza Phase One	June 2017	Office building	Shanghai	Yangtze River Delta Economic Zone	100.0	100.0	218,471	218,471
Shanghai SCE Plaza Phase Two	July 2018	Office building	Shanghai	Yangtze River Delta Economic Zone	69.6	52.0	126,525	126,525
Quanzhou SCE Plaza Office Building	August 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	82.7	65.8	45,972	45,972
Shishi Fortune Center <sup>(2)</sup>	September 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	43.8	N/A	33,380	N/A
Nan'an SCE Funworld	December 2018	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	98.3	96.4	72,618	72,618
Tianyue	October 2020	Office building	Shanghai	Yangtze River Delta Economic Zone	63.2	–	52,499	–
Shuitou SCE Funworld	December 2020	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	94.9	–	105,290	–
Xianyou SCE Funworld	December 2020	Shopping mall	Putian	West Taiwan Strait Economic Zone	98.3	–	82,678	–
Total					<u>85.2</u>	<u>82.1</u>	<u>1,034,884</u>	<u>698,999</u>

Notes:

- (1) Occupancy rate is calculated as actual leased area divided by available lease area of a commercial property as of the end of each relevant period.
- (2) The Group began to provide basic commercial property management services to these properties in either December 2020 or January 2021 as part of the reorganisation of the Group in preparation of the listing.



During the Period, the Group had provided commercial operation services for certain shopping malls. The table below sets out certain information of the shopping malls for which the Group has contracted to provide basic commercial property management and operation services but which have not yet been delivered to the Group for management, and the shopping malls for which the Group has contracted to provide commercial operation services only as of 30 June 2021:

<b>Project</b>	<b>Expected Opening Date <i>Month-Year</i></b>	<b>Property Type</b>	<b>Location</b>	<b>Geographic Region</b>	<b>Contracted GFA <i>sq.m.</i></b>
Yangzhou Mingfa Commercial Plaza <sup>(1)</sup>	N/A <sup>(2)</sup>	Shopping mall	Yangzhou	Yangtze River Delta Economic Zone	300,000
Nanjing Mingfa Commercial Plaza <sup>(1)</sup>	N/A <sup>(2)</sup>	Shopping mall	Nanjing	Yangtze River Delta Economic Zone	422,000
Hefei Mingfa Commercial Plaza <sup>(1)</sup>	N/A <sup>(2)</sup>	Shopping mall	Hefei	Yangtze River Delta Economic Zone	360,000
Taizhou SCE Funworld	December 2021	Shopping mall	Taizhou	Yangtze River Delta Economic Zone	199,625
Heyuan SCE Funworld	December 2021	Shopping mall	Heyuan	Guangdong-Hong Kong-Macao Greater Bay Area	111,084
Pingdingshan SCE Funworld	December 2021	Shopping mall	Pingdingshan	Central Western Region	111,142
Zhangjiagang SCE Funworld	December 2021	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	100,825
Gaomi SCE Funworld	July 2022	Shopping mall	Weifang	Bohai Rim Economic Zone	143,634
Tongchuan SCE Funworld	September 2022	Shopping mall	Tongchuan	Central Western Region	122,112
Shaoguan SCE Funworld	September 2022	Shopping mall	Shaoguan	Guangdong-Hong Kong-Macao Greater Bay Area	109,802
Zhumadian SCE Funworld	November 2022	Shopping mall	Zhumadian	Central Western Region	153,094
Beijing West Chang'an SCE Funworld	December 2022	Shopping mall	Beijing	Bohai Rim Economic Zone	103,453
Nanchang SCE Funworld	December 2022	Shopping mall	Nanchang	West Taiwan Strait Economic Zone	112,232

<b>Project</b>	<b>Expected Opening Date <i>Month-Year</i></b>	<b>Property Type</b>	<b>Location</b>	<b>Geographic Region</b>	<b>Contracted GFA <i>sq.m.</i></b>
Jieyang SCE Funworld	December 2022	Shopping mall	Jieyang	Guangdong-Hong Kong-Macao Greater Bay Area	116,196
Fuzhou SCE Funworld	December 2022	Shopping mall	Fuzhou	West Taiwan Strait Economic Zone	136,213
Haian SCE Funworld	December 2022	Shopping mall	Nantong	Yangtze River Delta Economic Zone	100,581
Shantou SCE Funworld	December 2022	Shopping mall	Shantou	Guangdong-Hong Kong-Macao Greater Bay Area	154,710
Tangshan SCE Funworld	December 2022	Shopping mall	Tangshan	Bohai Rim Economic Zone	78,048
Meizhou SCE Funworld	June 2023	Shopping mall	Meizhou	Guangdong-Hong Kong-Macao Greater Bay Area	119,083
Kunshan SCE Funworld	June 2023	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	148,826
Yushan SCE Funworld	September 2023	Shopping mall	Shangrao	West Taiwan Strait Economic Zone	60,000
Rizhao SCE Funworld	September 2023	Shopping mall	Rizhao	Bohai Rim Economic Zone	112,719
Tongnan SCE Funworld	December 2023	Shopping mall	Chongqing	Central Western Region	130,392
Rudong SCE Funworld	December 2023	Shopping mall	Nantong	Yangtze River Delta Economic Zone	123,233
Xiangtan SCE Funworld	June 2024	Shopping mall	Xiangtan	Central Western Region	106,830
Chizhou SCE Funworld	June 2024	Shopping mall	Chizhou	Yangtze River Delta Economic Zone	116,326
Total					<u><u>3,852,160</u></u>

*Notes:*

- (1) The Group has been appointed to provide operational consultancy services for these properties only, which the services are market research and positioning services and tenant acquisition services under the pre-opening services sub-section, but has not provided any basic commercial property management services (and therefore does not have any GFA under management).
- (2) The relevant independent third party properties were in operation before the Group was appointed.

## **Residential Property Management Services**

During the Period, the Group's residential property management services segment recorded total revenue of approximately RMB298.3 million, representing a year-on-year increase of approximately 53.5%; GFA under management was approximately 17.6 million sq.m., representing a year-on-year increase of approximately 44.3%; the number of projects under management was 113 projects, representing an increase of 39 projects; and contracted GFA was approximately 37.0 million sq.m., representing a year-on-year increase of approximately 45.0%. During the Period, the Group's residential property management services segment recorded a gross profits margin of approximately 35.7%, representing an increase of approximately 5.2 percentage points year-on-year. The increase in gross profit margin was mainly due to the achievement of economies of scale as a result of business expansion, commencement of the car park sales services in the second quarter of 2021 which have a higher gross profit margin, and upward adjustment on price of pre-delivery inspection services.

During the Period, the contracted GFA, GFA under management and revenue under the Group's residential property management services segment by geographical area are as follows:

	Six months ended 30 June					
	2021			2020		
	Contracted GFA sq.m.	GFA under Management sq.m. (in thousands)	Revenue RMB	Contracted GFA sq.m.	GFA under Management sq.m. (in thousands)	Revenue RMB
Yangtze River Delta Economic Zone	6,811	2,529	59,664	4,281	1,477	31,178
West Taiwan Strait Economic Zone	15,700	10,344	142,443	13,045	7,762	104,619
Bohai Rim Economic Zone	4,422	2,728	54,267	3,074	2,253	36,208
Guangdong-Hong Kong-Macao Greater Bay Area	3,407	783	17,157	1,321	462	11,873
Central Western Region	6,656	1,210	24,795	3,800	239	10,415
Total	<u>36,996</u>	<u>17,594</u>	<u>298,326</u>	<u>25,521</u>	<u>12,193</u>	<u>194,293</u>

## OUTLOOK

Going forward, the Group will continue to strengthen its market position through organic growth, strategic acquisitions and the support of China SCE Group, focusing on strengthening its strength as a commercial property management services provider. With the positive effect of the opening of the Group's commercial properties and brand confidence gained in the downstream markets in the PRC in recent years, it is expected that four additional SCE Funworlds will be gradually under the Group's management in the fourth quarter of the year, located in Jiangsu, Guangdong and Henan provinces respectively. In 2022, more than ten additional SCE Funworlds will be under the Group's management to provide a more solid foundation for the Group's portfolio of commercially managed properties.

With the listing of the Group on the Main Board of the Stock Exchange, the availability of sufficient funds will provide the Group with more advantageous conditions for growth. The Group will make efficient use of the proceeds from the listing and adhere to prudent financial management principles by identifying and acquiring companies with potential to increase the Group's market share in the property management segment. Successful acquisitions will be a driving force for the Group's rapid growth in the future, reinforcing and strengthening its market position in the commercial property management industry.

Through the digital business asset operation platform, the Group will connect all independent operation system, and after a complete automatic data processing, based on the precipitation of business operation logic and algorithm, operation analysis and decision-making information will be visualised in real time. Through the scientific and efficient operation platform capability, the Group will assist managers to enhance the level of intelligent decision-making on the positioning and planning of business assets, the selection of tenant brands, the selection of operation points and solutions, and the judgment of market operation trends, so as to form a competitive advantage in business operation.

The Group believes that operational refinement will be the trend and key to the future development of the industry in response to intense market competition. Digital membership information is a valuable intangible asset for business operations. Based on member big data insights and driven by automated business, in-depth operations will enable the capitalisation of membership assets. The Group plans to introduce and build an industry-leading digital membership lifecycle operation system, through the big data platform monitoring the growth status of members and efficiently leading customers to become high-value loyalty members. As it grows in scale, the accumulated digital membership assets will become a core competitive resource for the Group.

## FINANCIAL REVIEW

### Revenue

Revenue increased significantly by 63.1% from approximately RMB354.9 million in the first half of 2020 to approximately RMB579.0 million in the first half of 2021. This was due to the increase in GFA under management and the increase in the number of shopping malls for which the Group provided pre-opening management services.

A breakdown of the Group's revenue by service category for the periods indicated is set out below:

	Six months ended 30 June			
	2021		2020	
	Revenue RMB'000	Percentage %	Revenue RMB'000	Percentage %
<b>Commercial property management and operating services</b>				
Basic commercial property management services	92,267	15.9%	59,945	16.9%
Pre-opening management services	144,103	24.9%	83,219	23.5%
Other value-added services	44,263	7.7%	17,463	4.9%
Subtotal	280,633	48.5%	160,627	45.3%
<b>Residential property management services</b>				
Basic residential property management services	191,084	33.0%	137,653	38.8%
Value-added services to non-property owners	86,325	14.9%	45,292	12.7%
Community value-added services	20,917	3.6%	11,348	3.2%
Subtotal	298,326	51.5%	194,293	54.7%
Total	578,959	100.0%	354,920	100.0%

#### *Basic Commercial Property Management Services*

The Group's basic commercial property management services mainly include cleaning, security, repair and maintenance, tenant assistance, marketing and promotion services provided to property developers, property owners and tenants. The Group's revenue from basic commercial property management services increased by approximately 53.9% from approximately RMB59.9 million in the first half of 2020 to approximately RMB92.3 million in the first half of 2021, accounting for approximately 15.9% of its total revenue. This was due to the increase in GFA under management.

### *Pre-opening Management Services*

The Group's pre-opening management services mainly include market research and positioning, preliminary consultation and planning, architectural design consultation, tenant acquisition and opening preparation services provided to property developers prior to the opening of commercial properties. The Group's revenue from pre-opening management services increased by approximately 73.2% from approximately RMB83.2 million in the first half of 2020 to approximately RMB144.1 million in the first half of 2021, accounting for approximately 24.9% of its total revenue. This was due to the increase in the number of shopping malls for which the Group provided pre-opening management services from 10 in the first half of 2020 to 24 in the first half of 2021.

### *Other Value-added Services*

The Group's other value-added services mainly include tenant management, rental collection, parking lot management, advertising space and other common area management services provided after the opening of commercial properties. The Group's revenue from other value-added services increased by approximately 153.5% from approximately RMB17.5 million in the first half of 2020 to approximately RMB44.3 million in the first half of 2021, accounting for approximately 7.7% of its total revenue. This was due to the increase in the GFA under management and the impact of the COVID-19 pandemic on the operations in the first half of 2020, as well as the change in operation of parking lot and common area from revenue sharing with the China SCE Group in 2020 or before to receiving of entire amount directly from third parties from 2021 onward, resulting in increase in revenue.

### *Basic Residential Property Management Services*

The Group's basic residential property management services mainly include cleaning, security, landscaping and repair and maintenance services provided to property owners, property owners' committees or property developers. The Group's revenue from basic residential property management services increased by approximately 38.8% from approximately RMB137.7 million in the first half of 2020 to approximately RMB191.1 million in the first half of 2021, accounting for approximately 33.0% of its total revenue. This was due to the increase in GFA under management.

### *Value-added Services to Non-property Owners*

The Group's value-added services to non-property owner mainly include the provision of pre-sale management services to property developers during pre-sale activities, such as cleaning, security and repair and maintenance services for pre-sale display units and sales offices, pre-delivery inspection services and car park sales services for car parks that remained unsold after the pre-sale period. The Group's revenue from value-added services to non-property owners increased by approximately 90.6% from approximately RMB45.3 million in the first half of 2020 to approximately RMB86.3 million in the first half of 2021, accounting for approximately 14.9% of its total revenue. This was due to the number of residential properties for which pre-sale management services were provided increased from 83 in the first half of 2020 to 109 in the first half of 2021, upward adjustment on price of pre-delivery inspection services, and the commencement of the car park sales services in the second quarter of 2021.

### Community Value-added Services

The Group's community value-added services mainly include housekeeping and cleaning services as well as car park management, clubhouse operation and common area management value-added services. The Group's revenue from community value-added services increased by approximately 84.3% from approximately RMB11.3 million in the first half of 2020 to approximately RMB20.9 million in the first half of 2021, accounting for approximately 3.6% of its total revenue. This was due to the increase in GFA under management and the impact of the COVID-19 pandemic on the operations in the first half of 2020.

A breakdown of the Group's revenue by customer category for the periods indicated is set out below:

	Six months ended 30 June			
	2021		2020	
	Revenue RMB'000	Percentage %	Revenue RMB'000	Percentage %
<b>Commercial property management and operating services</b>				
China SCE Group	115,259	19.9%	77,425	21.8%
Joint ventures or associates of China SCE Group <sup>(1)</sup>	18,752	3.3%	23,352	6.6%
Independent third party	146,622	25.3%	59,850	16.9%
Subtotal	280,633	48.5%	160,627	45.3%
<b>Residential property management services</b>				
China SCE Group	76,463	13.2%	44,028	12.4%
Joint ventures or associates of China SCE Group <sup>(1)</sup>	19,345	3.3%	9,677	2.7%
Independent third party	202,518	35.0%	140,588	39.6%
Subtotal	298,326	51.5%	194,293	54.7%
Total	578,959	100.0%	354,920	100.0%

Note:

- (1) Includes joint ventures or associates of the China SCE Group and other entities controlled by family of Mr. Wong Lun.

Revenue from independent third parties is the largest source of revenue for the Group. The Group's revenue from independent third parties increased by approximately 74.2% from approximately RMB200.4 million in the first half of 2020 to approximately RMB349.1 million in the first half of 2021, accounting for approximately 60.3% of the Group's total revenue.



## Gross Profit

Gross profit increased by approximately 80.5% from approximately RMB158.3 million in the first half of 2020 to approximately RMB285.7 million in the first half of 2021.

The overall gross profit margin increased from approximately 44.6% in the first half of 2020 to approximately 49.3% in the first half of 2021. The increase in gross profit margin was mainly due to the achievement of economies of scale as a result of business expansion and increase in the proportion of revenue recorded from the provision of pre-opening management services in total revenue.

A breakdown of the Group's gross profit and gross profit margin by business segment for the periods indicated are as follows:

	Six months ended 30 June			
	2021		2020	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	RMB'000	Margin %	RMB'000	Margin %
Commercial property management and operating services	179,074	63.8%	99,096	61.7%
Residential property management services	106,605	35.7%	59,202	30.5%
Total	285,679	49.3%	158,298	44.6%

Gross profit margin of the commercial property management and operation services segment increased from approximately 61.7% in the first half of 2020 to approximately 63.8% in the first half of 2021. The increase in gross profit margin was mainly due to the increase in the proportion of revenue recorded from the provision of pre-opening management services in total revenue.

The gross profit margin of the residential property management services segment increased from approximately 30.5% in the first half of 2020 to approximately 35.7% in the first half of 2021. The increase in gross profit margin was mainly due to the achievement of economies of scale as a result of business expansion, commencement of the car park sales services in the second quarter of 2021 which have a higher gross profit margin, and upward adjustment on price of pre-delivery inspection services.

## Other Income and Gains

The Group's other income and gains mainly comprised government subsidies and income from forfeiture of deposits for early termination of certain tenancy agreements.

Other income and gains decreased by approximately 4.8% from approximately RMB4.5 million in the first half of 2020 to approximately RMB4.3 million in the first half of 2021. The decrease in other income and gains was mainly due to the decrease in government subsidies.



## **Selling and Marketing Expenses**

The Group's selling and marketing expenses mainly comprise expenses incurred by the Group for advertising and marketing for commercial property management and operation services.

Selling and marketing expenses decreased by approximately 90.9% from approximately RMB1.7 million in the first half of 2020 to approximately RMB0.2 million in the first half of 2021. The decrease in selling and marketing expenses was mainly attributable to decrease in selling and marketing activities undertook as a result of cost saving.

## **Administrative Expenses**

The Group's administrative expenses mainly comprised salaries and wages of administrative staff, entertainment expenses, office expenses, travel and transportation expenses, depreciation and amortisation and others.

Administrative expenses increased by approximately 59.0% from approximately RMB51.7 million in the first half of 2020 to approximately RMB82.2 million in the first half of 2021. The increase in administrative expenses was mainly attributable to the one-off listing expenses incurred during the Period.

## **Income Tax Expense**

Income tax expense increased by approximately 89.7% from approximately RMB28.2 million in the first half of 2020 to approximately RMB53.5 million in the first half of 2021. Income tax expense as a percentage of profit before taxation remained at 25.8%.

## **Profit Attributable to Owners of the Parent**

Profit attributable to owners of the parent increased significantly by approximately 91.7% from approximately RMB78.5 million in the first half of 2020 to approximately RMB150.5 million in the first half of 2021. Basic earnings per share amounted to approximately RMB10.03 cents in the first half of 2021. Core profit attributable to owners of the parent (excluding the effect of one-off listing expenses) increased significantly by approximately 116.8% from approximately RMB78.5 million in the first half of 2020 to approximately RMB170.3 million in the first half of 2021.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Cash Position**

The Group has a solid financial position. As at 30 June 2021, the Group's cash and bank balances amounted to approximately RMB913.0 million, representing an increase of approximately 81.2% from approximately RMB503.9 million as at 31 December 2020, which was mainly due to cash generated from operating activities and settlement of certain non-trade current accounts with the China SCE Group.

As at 30 June 2021 and 31 December 2020, the Group's cash and bank balances were denominated in different currencies as set out below:

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Renminbi	<b>102,503</b>	503,944
Hong Kong dollars	<b>681,472</b>	–
US dollars	<b>129,002</b>	–
Total cash and bank balances	<b>912,977</b>	503,944

### **Borrowings and Pledge of Assets**

As at 30 June 2021, the Group did not incur any borrowings (31 December 2020: Nil). As at 30 June 2021, none of the Group's property and equipment were restricted or pledged for borrowings (31 December 2020: Nil).

The gearing ratio was calculated by dividing the net amount of interest-bearing borrowings (including bank and other borrowings after deduction of cash and bank balances) by total equity. As at 30 June 2021, the gearing ratio was nil (31 December 2020: Nil).

### **Exchange Rate Fluctuation Exposures**

The Group's businesses are located in the PRC and all of the revenue and a substantial amount of operating expenses of the Group are denominated in RMB. As of 30 June 2021 and 31 December 2020, except for bank deposits which were denominated in foreign currencies, exchange rate changes of RMB against foreign currencies will not have material adverse effect on the results of operations of the Group.

No foreign currency hedging arrangement was made as of 30 June 2021 (31 December 2020: Nil). The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

### **EVENTS AFTER THE REPORTING PERIOD**

In connection with the listing of the shares of the Company (“**Shares**”) on the Stock Exchange, 500.0 million new ordinary shares with a nominal value of HK\$0.01 each were issued at a price of HK\$3.70 per ordinary share for a total cash consideration of HK\$1,850.0 million before deducting underwriting fees, commissions and related expenses. Dealing in the shares of the Company on the Stock Exchange commenced on 2 July 2021. On 24 July 2021, the over-allotment option has been fully exercised and the Company further allotted and issued 75.0 million additional shares at HK\$3.7 per share.

Save as disclosed above, the Group had no material events after the reporting period.

## CORPORATE GOVERNANCE

The Company has been committed to maintain a high standard of corporate governance so as to enhance the operational efficiency of the Company. The Company believes that such commitment is beneficial to safeguard the interests of the Company and its shareholders.

As the Shares were not yet listed on the Main Board of the Stock Exchange as at 30 June 2021, the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules was not applicable to the Company during the Period.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company’s corporate governance practices, and the CG Code has been applicable to the Company with effect from 2 July 2021 (the “**Listing Date**”). From the Listing Date up to the date of this interim announcement, the Company has complied with all applicable code provisions under the CG Code. The Directors will use their best endeavors to ensure that the Company continues to comply with the CG Code.

## AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

Pursuant to the provisions of the CG Code, the Company established the Audit Committee on 10 June 2021. In compliance with Rule 3.21 of the Listing Rules, the Audit Committee of the issuer shall only consist of non-executive Directors. The Audit Committee of the Company comprises two independent non-executive directors and one non-executive director, namely Mr. Pang Hon Chung as the chairman and Mr. Huang Youquan and Mr. Wang Yongping as the two members.

Mr. Pang Hon Chung, chairman of the Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules which requires that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

The responsibilities of the Audit Committee include overseeing the Company’s financial reporting system, risk management and internal control system; and discussed the accounting principles and policies adopted by the Group together with the management. The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 and has no disagreement with the accounting treatment adopted by the Group.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by Directors. Since the Shares were listed on the Main Board of the Stock Exchange on 2 July 2021, the Model Code was not applicable to the Company as at 30 June 2021. The provisions of the Listing Rules regarding directors' compliance with the code of conduct for securities transactions shall apply to the Company from the Listing Date.

The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code from the Listing Date up to the date of this interim announcement.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

As the shares of the Company were not listed on the Main Board of the Stock Exchange as at 30 June 2021, the Company and its subsidiaries did not purchase, redeem or sell any of the Company's listed securities during the Period.

## **INTERIM DIVIDEND**

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2021.

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

This interim results announcement is published on the websites of the Company ([www.sce-icm.com](http://www.sce-icm.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2021 interim report of the Group containing the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Company and of the Stock Exchange in due course.

By order of the Board  
**SCE Intelligent Commercial Management Holdings Limited**  
**Wong Lun**  
*Chairman*

Hong Kong, 27 August 2021

*As at the date of this announcement, the Board comprises Mr. Wong Lun, Mr. Niu Wei, Mr. Sun Qiang, Mr. Zheng Quanlou and Ms. Ku Weihong as executive Directors, Mr. Huang Youquan as non-executive Director, Dr. Ding Zuyu, Mr. Wang Yongping and Mr. Pang Hon Chung as independent non-executive Directors.*