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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 2022**

**FINANCIAL HIGHLIGHTS**

- Revenue increased by approximately 4.4% to approximately RMB604.6 million.
- Gross profit margin was approximately 41.6%.
- Profit attributable to owners of the parent decreased by approximately 10.8% to approximately RMB134.2 million.
- The total contracted gross floor area (“GFA”) and GFA under management increased by approximately 16.0% and 28.6% to approximately 48.6 million sq.m. and 24.0 million sq.m., respectively.

The board (the “**Board**”) of directors (the “**Directors**”) of SCE Intelligent Commercial Management Holdings Limited (the “**Company**” or “**SCE CM**”) 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 2022, together with the comparative figures for the corresponding period in 2021, as follows:

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

*For the six months ended 30 June 2022*

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB’000</b>	<b>RMB’000</b>
REVENUE	4	<b>604,623</b>	578,959
Cost of sales		<b>(352,867)</b>	(293,280)
Gross profit		<b>251,756</b>	285,679
Other income and gains	4	<b>12,807</b>	4,316
Selling and marketing expenses		<b>(487)</b>	(157)
Administrative expenses		<b>(77,710)</b>	(82,193)
Finance cost	5	<b>(241)</b>	(91)
Share of profit of a joint venture		<b>113</b>	121
PROFIT BEFORE TAX	6	<b>186,238</b>	207,675
Income tax expense	7	<b>(49,093)</b>	(53,510)
PROFIT FOR THE PERIOD		<b>137,145</b>	154,165
<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>12,089</b>	(2,340)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<b>12,089</b>	(2,340)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<b>149,234</b>	151,825

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

*For the six months ended 30 June 2022*

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
		<b>(Unaudited)</b>	(Unaudited)
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to:			
Owners of the parent		<b>134,216</b>	150,506
Non-controlling interests		<b>2,929</b>	3,659
		<u><b>137,145</b></u>	<u>154,165</u>
Total comprehensive income attributable to:			
Owners of the parent		<b>146,305</b>	148,166
Non-controlling interests		<b>2,929</b>	3,659
		<u><b>149,234</b></u>	<u>151,825</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	9	<u><b>RMB6.47 cents</b></u>	<u>RMB10.03 cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 June 2022

		<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property and equipment		<b>34,940</b>	44,974
Investment properties		<b>512</b>	684
Goodwill		<b>748</b>	748
Intangible asset		<b>779</b>	906
Prepayments		<b>6,953</b>	2,176
Investment in a joint venture		<b>1,768</b>	1,655
Deferred tax assets		<b>9,163</b>	9,163
		<hr/>	<hr/>
Total non-current assets		<b>54,863</b>	60,306
<b>CURRENT ASSETS</b>			
Trade receivables	<i>10</i>	<b>120,652</b>	71,762
Prepayments, deposits and other receivables		<b>29,212</b>	27,056
Cash and cash equivalents		<b>2,927,665</b>	2,899,610
		<hr/>	<hr/>
Total current assets		<b>3,077,529</b>	2,998,428
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>11</i>	<b>77,459</b>	76,800
Other payables and accruals		<b>329,488</b>	253,695
Amounts due to related parties		<b>13,677</b>	47,060
Contract liabilities		<b>160,166</b>	192,437
Tax payable		<b>44,694</b>	37,802
		<hr/>	<hr/>
Total current liabilities		<b>625,484</b>	607,794
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>2,452,045</b>	2,390,634
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,506,908</b>	2,450,940
		<hr/>	<hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

30 June 2022

	<b>30 June 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>		
Lease liability	<b>2,741</b>	8,214
Deferred tax liabilities	<b>195</b>	226
	<hr/>	<hr/>
Total non-current liabilities	<b>2,936</b>	8,440
	<hr/>	<hr/>
Net assets	<b>2,503,972</b>	2,442,500
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<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	<b>17,292</b>	17,292
Reserves	<b>2,473,784</b>	2,415,241
	<hr/>	<hr/>
	<b>2,491,076</b>	2,432,533
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>12,896</b>	9,967
	<hr/>	<hr/>
Total equity	<b>2,503,972</b>	2,442,500
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## NOTES:

### 1. BASIS OF PREPARATION

The Company 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**”).

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.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022 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 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 annual consolidated financial statements for the year ended 31 December 2021.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

## 3. 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 2022 and 2021 and the non-current assets of the Group are substantially located in the PRC as at 30 June 2022 and 31 December 2021.

### **Information about major customers**

For the six months ended 30 June 2022 and 2021, revenue from the China SCE Group contributed 22.7% and 33.1% 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 2022 and 2021.

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Type of goods or services</b>		
<i>Revenue from contracts with customers</i>		
Property management services	379,779	283,351
Value-added services	199,808	151,505
Commercial operational services	25,036	144,103
	<u>604,623</u>	<u>578,959</u>

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	10,065	451
Gain on disposal of items of property and equipment, net	117	21
Gain on termination of leases	188	–
Forfeiture income on deposits received	221	1,228
Government grants	1,892	2,110
Others	324	506
	<u>12,807</u>	<u>4,316</u>

## 5. FINANCE COST

An analysis of the Group's finance cost is as follows:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	<u>241</u>	<u>91</u>

## 6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of services provided	352,867	293,280
Depreciation of property and equipment	6,189	2,133
Depreciation of right-of-use assets	2,451	768
Depreciation of investment properties	172	96
Amortisation of an intangible asset	127	127
Gain on disposal of property and equipment, net	(117)	(21)
Gain on termination of leases	(188)	–
Share issue expenses	–	19,768
Employee benefit expense (including director's remuneration):		
Salaries and benefits in kind	233,883	217,216
Share-based payment expenses	789	789
Pension scheme contributions	37,897	15,262
	<u>272,569</u>	<u>233,267</u>
Foreign exchange differences, net	<u>4,435</u>	<u>–</u>

## 7. 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 (“CIT”) at a rate of 25% for the periods. Certain subsidiaries of the Group in Mainland China satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. For a small low-profit enterprise, the portion of annual taxable income which does not exceed RMB1,000,000 shall be calculated at a reduced rate of 25% as taxable income and be subject to CIT at a rate of 20%. The portion over RMB1,000,000 but not exceeding RMB3,000,000 million shall be calculated at a reduced rate of 50% as taxable income and be subject to CIT at a rate of 20%.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current	<b>49,124</b>	52,237
Deferred	<b>(31)</b>	1,273
	<hr/>	<hr/>
Total tax charge for the period	<b>49,093</b>	53,510
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## 8. DIVIDEND

The board of directors resolved not to declare payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## 9. 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 of the Group in connection with the listing of the shares of the Company on the Stock Exchange and the capitalisation issue on proportional basis as if these transactions had been completed on 1 January 2021.

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent of RMB134,216,000 (six months ended 30 June 2021: RMB150,506,000), and the weighted average number of ordinary shares of 2,075,000,000 (six months ended 30 June 2021: 1,500,000,000) 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 2022 and 2021 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during these periods.

## 10. 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 six 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 and joint ventures of the China SCE Group, 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 and joint ventures of 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 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Current to 90 days	<b>103,451</b>	66,154
91 to 180 days	<b>13,617</b>	3,509
181 to 365 days	<b>2,954</b>	1,409
Over 365 days	<b>630</b>	690
	<b><u>120,652</u></b>	<u>71,762</u>

## 11. 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 2022 (Unaudited) RMB'000</b>	31 December 2021 (Audited) RMB'000
Current to 90 days	<b>58,415</b>	68,861
91 to 365 days	<b>14,907</b>	2,957
Over 365 days	<b>4,137</b>	4,982
	<b><u>77,459</u></b>	<u>76,800</u>

## 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 2022, there were 43 contracted commercial properties (including shopping malls and offices) with a total contracted GFA of approximately 6.0 million sq.m. and 16 commercial properties under management with a total GFA under management of approximately 1.6 million sq.m..

The Group provides professional commercial property management and operational services to property owners, tenants and consumers through the “SCE Funworld” brand, adhering to the “Scaling up with Quality” development strategy to create benchmark commercial management projects. The Group has three different product lines: “Urban Fashion”, “Quality Life” and “Urban Outlets”, to match different urban consumption groups and project positioning, 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 continuously enhancing its professional and differentiated operation capabilities.

Throughout the first half of 2022, under the repeated impact of the COVID-19 pandemic in China, the Group continued to actively promote experience-based commercial space enhancement, seeking operation innovation and commercial content renewal.

The Group also provides property management services to residential properties. As of 30 June 2022, there were 221 contracted residential projects with a total contracted GFA of approximately 42.5 million sq.m. and 140 residential projects under management with a total GFA under management of approximately 22.4 million sq.m..

## BUSINESS REVIEW

During the six months ended 30 June 2022 (the “**Period**”), the Group conducted business activities in the following major business segments, namely (i) commercial property management and operational services; and (ii) residential property management services.

During the Period, the Group’s revenue by business segment is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
Commercial property management and operational services	<b>203,151</b>	280,633
Residential property management services	<b>401,472</b>	298,326
Total	<b>604,623</b>	578,959

### **Commercial property management and operational services**

During the Period, the Group’s commercial property management and operational services segment recorded total revenue of approximately RMB203.2 million, representing a year-on-year decrease of approximately 27.6%; GFA under management of approximately 1.6 million sq.m., representing a year-on-year significant increase of approximately 50.5%; the number of projects under management of 16 projects, representing a year-on-year increase of 4 projects; and contracted GFA of approximately 6.0 million sq.m., representing a year-on-year increase of approximately 23.7%.

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

	Six months ended 30 June					
	2022			2021		
	Contracted	GFA	Revenue	Contracted	GFA	Revenue
	GFA	under		GFA	under	
<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>	
	(in thousands)			(in thousands)		
Yangtze River Delta Economic Zone	3,179	698	94,807	2,269	398	188,402
West Taiwan Strait Economic Zone	891	583	65,846	891	583	70,232
Bohai Rim Economic Zone	739	54	21,626	492	54	18,487
Guangdong-Hong Kong-Macao						
Greater Bay Area	611	111	10,289	611	–	1,405
Central Western Region	624	112	10,583	624	–	2,107
Total	<u>6,044</u>	<u>1,558</u>	<u>203,151</u>	<u>4,887</u>	<u>1,035</u>	<u>280,633</u>

Certain information of the Group's commercial properties under management as of 30 June 2022 and 2021 is set out below:

Project	Opening Date	Property Type	Location	Geographic Region	Occupancy Rate <sup>(1)</sup>		GFA under Management	
					As of 30 June		2022	2021
					2022	2021		
%	%							
Xiamen SCE Building	January 2007	Office building	Xiamen	West Taiwan Strait Economic Zone	91.6	94.8	50,309	50,309
Beijing CBD SCE Funworld	September 2009	Shopping street	Beijing	Bohai Rim Economic Zone	89.8	71.2	54,484	54,484
Quanzhou SCE Funworld	May 2014	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	90.2	92.4	180,929	180,929
Gala Fun	December 2014	Shopping street	Quanzhou	West Taiwan Strait Economic Zone	64.3	62.2	11,729	11,729
Shanghai SCE Plaza Phase One	June 2017	Office building	Shanghai	Yangtze River Delta Economic Zone	100.0	100.0	218,471	218,471

Project	Opening Date	Property Type	Location	Geographic Region	Occupancy Rate <sup>(1)</sup>		GFA under Management	
					As of 30 June			
					2022	2021	2022	2021
%	%	sq.m.	sq.m.					
Shanghai SCE Plaza Phase Two	July 2018	Office building	Shanghai	Yangtze River Delta Economic Zone	64.5	69.6	126,525	126,525
Quanzhou SCE Plaza Office Building	August 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	84.6	82.7	45,972	45,972
Shishi Fortune Center	September 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	68.3	43.8	33,380	33,380
Nan'an SCE Funworld	December 2018	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	98.5	98.3	72,618	72,618
Tianyue	October 2020	Office building	Shanghai	Yangtze River Delta Economic Zone	69.3	63.2	52,499	52,499
Shuitou SCE Funworld	December 2020	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	93.3	94.9	105,290	105,290
Xianyou SCE Funworld	December 2020	Shopping mall	Putian	West Taiwan Strait Economic Zone	88.3	98.3	82,678	82,678
Taizhou SCE Funworld	December 2021	Shopping mall	Taizhou	Yangtze River Delta Economic Zone	92.4	N/A	199,625	N/A
Heyuan SCE Funworld	December 2021	Shopping mall	Heyuan	Guangdong-Hong Kong-Macao Greater Bay Area	86.3	N/A	111,084	N/A
Pingdingshan SCE Funworld	December 2021	Shopping mall	Pingdingshan	Central Western Region	98.8	N/A	111,142	N/A
Zhangjiagang SCE Funworld	December 2021	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	100.0	N/A	100,825	N/A
Total					<u>87.6</u>	<u>85.2</u>	<u>1,557,560</u>	<u>1,034,884</u>

*Note:*

- (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.

The table below sets out certain information of the shopping malls and office building for which the Group has contracted to provide basic commercial property management services but which have not yet been delivered to the Group for management and/or operational services as of 30 June 2022:

<b>Project</b>	<b>Expected Opening Date</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
Tangshan SCE Funworld	December 2022	Shopping mall	Tangshan	Bohai Rim Economic Zone	78,048
Gaomi SCE Funworld	December 2022	Shopping mall	Weifang	Bohai Rim Economic Zone	143,634
Beijing West Chang'an SCE Funworld	December 2022	Shopping mall	Beijing	Bohai Rim Economic Zone	103,453
Shantou SCE Funworld	May 2023	Shopping mall	Shantou	Guangdong-Hong Kong-Macao Greater Bay Area	154,710
Fuzhou SCE Funworld	September 2023	Shopping mall	Fuzhou	West Taiwan Strait Economic Zone	136,213
Huaqiao SCE Funworld	December 2023	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	148,826
Shaoguan SCE Funworld	June 2024	Shopping mall	Shaoguan	Guangdong-Hong Kong-Macao Greater Bay Area	109,802
Haian SCE Funworld	June 2024	Shopping mall	Nantong	Yangtze River Delta Economic Zone	100,581
Nanchang SCE Funworld	June 2024	Shopping mall	Nanchang	West Taiwan Strait Economic Zone	112,232
Yushan SCE Funworld	July 2024	Shopping mall	Shangrao	West Taiwan Strait Economic Zone	60,000

<b>Project</b>	<b>Expected Opening Date</b>	<b>Property Type</b>	<b>Location</b>	<b>Geographic Region</b>	<b>Contracted GFA <i>sq.m.</i></b>
Jieyang SCE Funworld	July 2024	Shopping mall	Jieyang	Guangdong-Hong Kong-Macao Greater Bay Area	116,196
Rudong SCE Funworld	September 2024	Shopping mall	Nantong	Yangtze River Delta Economic Zone	123,233
Dinghu Woven City <sup>(3)</sup>	September 2024	Office building	Hangzhou	Yangtze River Delta Economic Zone	459,983
Rizhao SCE Funworld	June 2025	Shopping mall	Rizhao	Bohai Rim Economic Zone	112,719
Zhumadian SCE Funworld	June 2025	Shopping mall	Zhumadian	Central Western Region	153,094
Tongchuan SCE Funworld	June 2025	Shopping mall	Tongchuan	Central Western Region	122,112
Chizhou SCE Funworld	June 2025	Shopping mall	Chizhou	Yangtze River Delta Economic Zone	116,326
Hefei SCE Funworld	July 2025	Shopping mall	Hefei	Yangtze River Delta Economic Zone	222,100
Binzhou SCE Funworld	September 2025	Shopping mall	Binzhou	Bohai Rim Economic Zone	127,152
Meizhou SCE Funworld	November 2025	Shopping mall	Meizhou	Guangdong-Hong Kong-Macao Greater Bay Area	119,083
Tongnan SCE Funworld	December 2025	Shopping mall	Chongqing	Central Western Region	130,392
Xiangtan SCE Funworld	December 2025	Shopping mall	Xiangtan	Central Western Region	106,830
Nantong Haimen SCE Funworld	December 2025	Shopping mall	Nantong	Yangtze River Delta Economic Zone	228,837
Penglai SCE Funworld	December 2025	Shopping mall	Penglai	Bohai Rim Economic Zone	<u>118,999</u>
Total					<u><u>4,486,555</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.
- (3) The Group has been appointed to provide basic commercial property management services for this property only.

In view of the repeated outbreaks of the COVID-19 pandemic in Fujian, Shanghai and Beijing etc. in the first half of this year, the Group quickly optimized and expanded its online sales functions to help tenants actively expand their online business and find new area for increase in sales to mitigate the impact of the COVID-19 pandemic on tenants' sales. In addition, the Group launched the "Super Brand Day" campaign with as many as 50 renowned brands. Through innovative sales, the Group brought together the strengths of both sides, resulting in a significant increase in sales during the campaign and a win-win situation for the tenants.

In face of the impact of the COVID-19 pandemic on visitor flow, the Group actively promoted the brand of SCE CM and successfully built up the first store effect. Among them, Quanzhou SCE Funworld was the first to introduce a combination of international high-end cosmetic and watch brands, further strengthening the branding effect. By the introduction of leading brands in the market, it can assist the Group in establishing a professional market image, empowering the all-round operational capability of the project and bringing room for growth.

During the Period, the Group actively developed its diversified innovative sales, focusing on multiple aspects such as joint sales, membership outreach and online planning. For example, at the beginning of this year, the Group held the "Infinite New Ideas for the World" joint sales activity, which coordinated nine SCE Funworlds, planning topics and creating scenes, during which total sales exceeded RMB600 million, with over 8 million visitors and over 80,000 new members. With reference to the "6 June Happy Day" held by the China SCE Group, the Group created a unique brand marketing campaign "6 June Happy Life Festival" in June this year, triggering a new wave of brand consumption and achieving an explosion of sales potential.

The Group has been committed to providing customers with a better consumption experience through the in-depth application of commercial digitalization. The fully upgraded digital functions of member applications such as "Smart Parking", "Automatic Membership Point Accumulation in Commercial Districts", "Reward Points for Cash Coupons" and "Dedicated Customer Service" leveraged on WeChat's huge user base to provide consumers with more convenient services. At the same time, the digital sales system empowers the operation of cooperative merchants with digital tools such as "Private Domain Direct Connection", "Precision Sales", "Online Shopping Mall", "Community Sales" and "Sales by All Parties" to help merchants gain more customers more easily and complete the conversion from customer acquisition to transaction execution more efficiently, allowing merchants to generate more incremental sales. As of 30 June 2022, the Group's digital business membership has grown rapidly to approximately 1.7 million, and over 2,000 employees are involved in "Sales by All Parties" and "Community Sales".

## Residential Property Management Services

During the Period, the Group's residential property management services segment recorded total revenue of approximately RMB401.5 million, representing a year-on-year significant increase of approximately 34.6%; GFA under management was approximately 22.4 million sq.m., representing a year-on-year increase of approximately 27.3%; the number of projects under management was 140 projects, representing a year-on-year increase of 27 projects; and contracted GFA was approximately 42.5 million sq.m., representing a year-on-year increase of approximately 15.0%.

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					
	2022			2021		
	Contracted GFA <i>sq.m.</i>	GFA under Management <i>sq.m.</i>	Revenue <i>RMB</i>	Contracted GFA <i>sq.m.</i>	GFA under Management <i>sq.m.</i>	Revenue <i>RMB</i>
	(in thousands)			(in thousands)		
Yangtze River Delta Economic Zone	8,655	3,493	95,224	6,811	2,529	59,664
West Taiwan Strait Economic Zone	16,028	11,480	167,131	15,700	10,344	142,443
Bohai Rim Economic Zone	6,281	3,476	69,440	4,422	2,728	54,267
Guangdong-Hong Kong-Macao						
Greater Bay Area	4,244	783	25,859	3,407	783	17,157
Central Western Region	7,339	3,162	43,818	6,656	1,210	24,795
Total	<u>42,547</u>	<u>22,394</u>	<u>401,472</u>	<u>36,996</u>	<u>17,594</u>	<u>298,326</u>

## OUTLOOK

During the Period, with the onslaught of the COVID-19 pandemic and the domestic and international macro situation has become increasingly challenging and complex, domestic economic development continued to slow down, and the real estate industry, being the backbone of China's economy, was the first to face the adversary and suffered the most profound impact. The recent liquidity risk faced by the real estate industry has slowed down the production cycle of all industries that are related to real estate. In the face of such volatility in the market environment, the Group firmly believes that it is not appropriate to undertake mergers and acquisitions at this stage in order to avoid major investment failures and unnecessary losses for its shareholders. In view of this, the Group will take a more prudent attitude and wait for the turning point of the improvement of the economic environment, at which sufficient funds raised from the listing of the Company's shares will be used to acquire high-quality enterprises and synergize with the existing internal resources of the Group to facilitate the rapid growth of the Group.

In the face of fierce competition within the industry, all property management companies actively “explore new sources of income” and develop different types of value-added services to differentiate themselves from their competitors in the market. The Group deeply understands its importance and has developed car park sales services, exquisite residence services, residential property agency services and other value-added services that have high gross profit margins in recent years. In order to meet the needs of future development, the Group expects to “reduce expenditure”, optimize its human resources structure, deepen the application of digitalization, in order to save the high and unnecessary annual labor costs and further enhance the Group’s competitiveness in the market.

In terms of commercial property management, the Group’s pre-opening management service income decreased significantly during the first half of 2022 due to the recent gradual reduction in land acquisition by the China SCE Group. In view of this, the Group will reduce its reliance on the single real estate developer of the China SCE Group, actively strive to provide high-quality pre-opening management services for shopping malls of other real estate developers, make up for the decrease in income from the China SCE Group, and export the high-quality management model of SCE CM. In addition, looking ahead to the second half of 2022, the Group will remain firm in its initial intention and rely on strategic upgrades to focus on its operation-oriented and consumer-centric business philosophy with a more solid pace, to create a win-win situation for all, to enhance the consumer experience, to continuously empower its tenants, and to further enhance the operation capabilities of SCE CM and its influence in the market.

In terms of residential property management, the Group will continue to promote digital application to lower the demand of human resources and improve cost efficiency and effectiveness. At the same time, the Group will actively promote the expansion of third parties’ projects under management by increasing the number of contracted projects and projects under management, improving the scale of profits, and further reducing the reliance on the China SCE Group. In addition, the development of diversified value-added services remains a core issue in residential property management. The Group will leverage on the existing resources to develop high-profit value-added services in order to improve profitability while taking into account the demands of residents for quality services.

## FINANCIAL REVIEW

### Revenue

Revenue increased by 4.4% from approximately RMB579.0 million in the first half of 2021 to approximately RMB604.6 million in the first half of 2022. This was due to the increase in GFA under management.

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

	Six months ended 30 June			
	2022		2021	
	Revenue	Percentage	Revenue	Percentage
	RMB'000	%	RMB'000	%
<b>Commercial property management and operational services</b>				
Basic commercial property management services	125,523	20.8	92,267	15.9
Pre-opening management services	25,036	4.1	144,103	24.9
Other value-added services	52,592	8.7	44,263	7.7
Subtotal	203,151	33.6	280,633	48.5
<b>Residential property management services</b>				
Basic residential property management services	254,256	42.0	191,084	33.0
Value-added services to non-property owners	115,227	19.1	86,325	14.9
Community value-added services	31,989	5.3	20,917	3.6
Subtotal	401,472	66.4	298,326	51.5
Total	604,623	100.0	578,959	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 significantly by approximately 36.0% from approximately RMB92.3 million in the first half of 2021 to approximately RMB125.5 million in the first half of 2022, accounting for approximately 20.8% 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 decreased significantly by approximately 82.6% from approximately RMB144.1 million in the first half of 2021 to approximately RMB25.0 million in the first half of 2022, accounting for approximately 4.1% of its total revenue. This was due to the temporary suspension of land acquisition by the China SCE Group starting from 2022. The number of shopping malls for which the Group provided pre-opening management services decreased significantly from 24 in the first half of 2021 to 7 in the first half of 2022.

### *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 18.8% from approximately RMB44.3 million in the first half of 2021 to approximately RMB52.6 million in the first half of 2022, accounting for approximately 8.7% of its total revenue. This was due to the combined effect of increase in the GFA under management and the COVID-19 pandemic on the operations in the first half of 2022.

### *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 significantly by approximately 33.1% from approximately RMB191.1 million in the first half of 2021 to approximately RMB254.3 million in the first half of 2022, accounting for approximately 42.0% 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 owners 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 significantly by approximately 33.5% from approximately RMB86.3 million in the first half of 2021 to approximately RMB115.2 million in the first half of 2022, accounting for approximately 19.1% of its total revenue. This was due to the number of residential properties for which pre-delivery inspection services were provided increased significantly from 15 in the first half of 2021 to 23 in the first half of 2022, and the increase in revenue recorded from the provision of car park sales services.

### *Community Value-added Services*

The Group's community value-added services mainly include housekeeping and cleaning services, residential property agency services, exquisite residence 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 significantly by approximately 52.9% from approximately RMB20.9 million in the first half of 2021 to approximately RMB32.0 million in the first half of 2022, accounting for approximately 5.3% of its total revenue. This was due to the increase in GFA under management and the increase in the types of value-added services provided by the Group.

## **Gross Profit**

Gross profit decreased by approximately 11.9% from approximately RMB285.7 million in the first half of 2021 to approximately RMB251.8 million in the first half of 2022.

The overall gross profit margin decreased from approximately 49.3% in the first half of 2021 to approximately 41.6% in the first half of 2022. The decrease in gross profit margin was mainly due to the significant decrease in the revenue recorded from the provision of pre-opening management services of commercial property services which had higher gross profit margins.

## **Other Income and Gains**

The Group's other income and gains mainly comprised bank interest income, government grants and forfeiture income on deposits received.

Other income and gains increased significantly by approximately 196.7% from approximately RMB4.3 million in the first half of 2021 to approximately RMB12.8 million in the first half of 2022. The increase in other income and gains was mainly due to the significant increase in bank interest income.

## **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 amortization, foreign exchange loss and others.

Administrative expenses decreased by approximately 5.5% from approximately RMB82.2 million in the first half of 2021 to approximately RMB77.7 million in the first half of 2022. The decrease in administrative expenses was mainly attributable to absence of one-off share issue expenses, partially offset by the effects of business expansion and foreign exchange loss, during the Period.

## **Income Tax Expense**

Income tax expense decreased by approximately 8.3% from approximately RMB53.5 million in the first half of 2021 to approximately RMB49.1 million in the first half of 2022. Income tax expense as a percentage of profit before taxation increased from 25.8% in the first half of 2021 to 26.4% in the first half of 2022, mainly resulted from foreign exchange loss which was non-deductible expenses in tax during the Period.

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

Profit attributable to owners of the parent decreased by approximately 10.8% from approximately RMB150.5 million in the first half of 2021 to approximately RMB134.2 million in the first half of 2022. Basic earnings per share amounted to approximately RMB6.47 cents in the first half of 2022.

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

### Cash Position

The Group has a solid financial position. As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately RMB2,927.7 million, representing a slight increase of approximately 1.0% from approximately RMB2,899.6 million as at 31 December 2021.

As at 30 June 2022 and 31 December 2021, the Group's cash and cash equivalents were denominated in different currencies as set out below:

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
Renminbi	<b>2,710,013</b>	2,427,033
Hong Kong dollars	<b>111,416</b>	413,424
US dollars	<b>106,236</b>	59,153
	<hr/>	<hr/>
Total cash and cash equivalents	<b><u>2,927,665</u></b>	<u>2,899,610</u>

### Borrowings

As at 30 June 2022, the Group did not incur any borrowings (31 December 2021: Nil).

The gearing ratio was calculated by dividing the net amount of interest-bearing borrowings by total equity. As at 30 June 2022, the gearing ratio was nil (31 December 2021: 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 2022 and 31 December 2021, except for cash equivalents 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 2022 (31 December 2021: Nil). The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

## **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. During the six months ended 30 June 2022, the Company has complied with all applicable code provisions under the Corporate Governance Code (the “**CG Code**”) set out in Part 2 of Appendix 14 to the Listing Rules. 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 Company shall only consist of non-executive Directors and be chaired by an independent non-executive Director. 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 discussing 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 2022 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 the Directors.

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 during the period under review.

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

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 2022 (six months ended 30 June 2021: Nil).

## **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 2022 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, 30 August 2022

*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, and Dr. Ding Zuyu, Mr. Wang Yongping and Mr. Pang Hon Chung as independent non-executive Directors.*