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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)

**ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 31 DECEMBER 2022**

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB1,182.4 million.
- Gross profit margin was approximately 36.4%.
- Profit attributable to owners of the parent was approximately RMB208.1 million.
- The total contracted gross floor area (“GFA”) and GFA under management increased by approximately 4.5% and 14.8% to approximately 48.1 million sq.m. and 25.7 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 consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Revenue	5	1,182,371	1,230,050
Cost of sales		<u>(752,413)</u>	<u>(649,181)</u>
Gross profit		429,958	580,869
Other income and gains	5	46,357	24,004
Selling and marketing expenses		(1,032)	(2,332)
Administrative expenses		(194,745)	(218,525)
Finance cost	6	(372)	(560)
Share of profit of a joint venture		<u>271</u>	<u>180</u>
PROFIT BEFORE TAX	7	280,437	383,636
Income tax expense	8	<u>(67,825)</u>	<u>(97,507)</u>
PROFIT FOR THE YEAR		<u>212,612</u>	<u>286,129</u>
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive income/(loss) that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>19,784</u>	<u>(37,206)</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		<u>19,784</u>	<u>(37,206)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>232,396</u>	<u>248,923</u>

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

Year ended 31 December 2022

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Profit attributable to:			
Owners of the parent		208,069	280,609
Non-controlling interests		4,543	5,520
		<u>212,612</u>	<u>286,129</u>
Total comprehensive income attributable to:			
Owners of the parent		227,853	243,403
Non-controlling interests		4,543	5,520
		<u>232,396</u>	<u>248,923</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>10</i>		
Basic and diluted		<u>RMB10.0 cents</u>	<u>RMB15.7 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property and equipment		34,464	44,974
Investment properties		341	684
Goodwill		748	748
Intangible asset		653	906
Prepayments		8,379	2,176
Amount due from a related party	<i>11</i>	644,445	–
Investment in a joint venture		1,926	1,655
Deferred tax assets		27,414	9,163
		<hr/>	<hr/>
Total non-current assets		718,370	60,306
CURRENT ASSETS			
Trade receivables	<i>12</i>	181,784	71,762
Prepayments, deposits and other receivables		57,500	27,056
Pledged deposits		1,000,000	–
Cash and cash equivalents		1,227,290	2,899,610
		<hr/>	<hr/>
Total current assets		2,466,574	2,998,428
CURRENT LIABILITIES			
Trade payables	<i>13</i>	75,058	76,800
Other payables and accruals		270,965	253,695
Amounts due to related parties		–	47,060
Contract liabilities		197,808	192,437
Tax payable		52,325	37,802
		<hr/>	<hr/>
Total current liabilities		596,156	607,794

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*31 December 2022*

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT ASSETS	<u>1,870,418</u>	<u>2,390,634</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,588,788</u>	<u>2,450,940</u>
NON-CURRENT LIABILITIES		
Lease liabilities	665	8,214
Deferred tax liabilities	163	226
Total non-current liabilities	<u>828</u>	<u>8,440</u>
Net assets	<u>2,587,960</u>	<u>2,442,500</u>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	17,292	17,292
Reserves	<u>2,556,158</u>	<u>2,415,241</u>
	2,573,450	2,432,533
Non-controlling interests	<u>14,510</u>	<u>9,967</u>
Total equity	<u>2,587,960</u>	<u>2,442,500</u>

NOTES:

1. CORPORATE INFORMATION

SCE Intelligent Commercial Management 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 addresses of the principal place of business of the Company in the People's Republic of China (the “**PRC**”) and Hong Kong are 5/F, SCE Tower, No. 2, Lane 1688, Shenchang Road, Hongqiao Business District, Shanghai, China and Room 2801, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong, respectively. The shares of the Company were listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 2 July 2021 (the “**Listing Date**”).

The Group was involved in the provision of property management services and commercial operational services in the PRC during the year.

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 (the “**China SCE Holdings**”, 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.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB'000**”) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries now comprising the Group for the year ended 31 December 2022.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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 nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The Group has adopted the amendment on 1 January 2022. However, the Group did not received any COVID-19-related rent concessions and therefore the amendment did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(e) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective.

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 operations in Mainland China for the years ended 31 December 2022 and 2021 and the non-current assets of the Group were substantially located in the PRC as at 31 December 2022 and 2021.

Information about major customers

Revenue from the China SCE Group contributed 22% (2021: 34%) of the Group's revenue during the year. 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 during the year (2021: Nil).

7. PROFIT BEFORE TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of services provided	752,413	649,181
Depreciation of property and equipment	13,198	6,449
Depreciation of right-of-use assets	4,437	4,617
Depreciation of investment properties	343	267
Amortisation of an intangible asset	253	253
Gain on disposal of property and equipment, net	(7)	(35)
Gain on termination of leases	(188)	(37)
Share issue expenses	–	21,068
Lease payments not included in the measurement of lease liabilities	11,185	8,176
Auditor's remuneration	1,900	1,900
Employee benefit expense (including directors' remuneration):		
Salaries, bonuses and benefits in kind	471,359	452,938
Share-based payment expenses	1,614	1,565
Pension scheme contributions	100,822	74,868
	<u>573,795</u>	<u>529,371</u>
Impairment of trade receivables	3,929	76
Impairment of amount due from a related party	4,731	–
Foreign exchange gain, net	<u>(1,926)</u>	<u>(15,884)</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 the Group's subsidiaries 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 years as the Group did not generate any assessable profits arising in Hong Kong during the year (2021: Nil).

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax ("CIT") at a rate of 25% for the years. 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 12.5% 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 shall be calculated at a reduced rate of 25% as taxable income and be subject to CIT at a rate of 20%.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current charge for the year:		
PRC corporate income tax	86,791	99,256
Over-provision in prior year:		
Mainland China	(652)	–
	<u>86,139</u>	<u>99,256</u>
Deferred	<u>(18,314)</u>	<u>(1,749)</u>
Total tax charge for the year	<u>67,825</u>	<u>97,507</u>

9. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Proposed final — Nil (2021: HK5 cents per ordinary share)	<u>—</u>	<u>88,550</u>

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2022. No interim dividend was declared in respect of the current year.

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 a 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 RMB208,069,000 (2021: RMB280,609,000), and the weighted average number of ordinary shares of 2,075,000,000 (2021: 1,783,767,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

11. AMOUNT DUE FROM A RELATED PARTY

The non-trade amount due from a related party is secured, bears fixed interest at 7% per annum and not repayable within the next twelve months.

12. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables from related companies	98,050	54,261
Trade receivables from independent third parties	<u>88,750</u>	<u>18,588</u>
	186,800	72,849
Less: Impairment of trade receivables	<u>(5,016)</u>	<u>(1,087)</u>
	<u>181,784</u>	<u>71,762</u>

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 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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current to 90 days	145,221	66,154
91 to 180 days	22,039	3,509
181 to 365 days	7,385	1,409
Over 365 days	7,139	690
	<u>181,784</u>	<u>71,762</u>

13. 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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current to 90 days	64,605	68,861
91 to 365 days	5,689	2,957
Over 365 days	4,764	4,982
	<u>75,058</u>	<u>76,800</u>

Trade payables are unsecured and interest-free and are normally settled based on 10 to 90 days' term.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a service provider focusing on 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 at 31 December 2022, there were 40 contracted commercial properties (including shopping malls and offices) with a total contracted GFA of approximately 5.0 million sq.m. and 17 commercial properties under management with a total GFA under management of approximately 1.7 million sq.m..

The Group provides professional commercial property management and operational 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 at 31 December 2022, there were 223 contracted residential projects with a total contracted GFA of approximately 43.2 million sq.m. and 149 residential projects under management with a total GFA under management of approximately 24.0 million sq.m..

BUSINESS REVIEW

During the year ended 31 December 2022 (the “Year”), 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 Year, the Group’s revenue by business segment is as follows:

	Year ended 31 December	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
Commercial property management and operational services	395,812	563,073
Residential property management services	786,559	666,977
Total	<u>1,182,371</u>	<u>1,230,050</u>

Commercial property management and operational services

During the Year, the Group's commercial property management and operational services segment recorded total revenue of approximately RMB395.8 million, representing a year-on-year decrease of approximately 29.7%; GFA under management of approximately 1.7 million sq.m., representing a year-on-year increase of approximately 9.2%; the number of projects under management of 17 projects, representing a year-on-year increase of one project; and contracted GFA of approximately 5.0 million sq.m., representing a year-on-year decrease of approximately 11.1%.

During the Year, 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:

	Year ended 31 December					
	2022			2021		
	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	2,098	698	168,191	2,720	698	366,287
West Taiwan Strait Economic Zone	891	583	133,245	891	583	140,488
Bohai Rim Economic Zone	739	197	54,357	739	54	39,385
Guangdong-Hong Kong-Macao						
Greater Bay Area	611	111	19,013	611	111	8,096
Central Western Region	623	112	21,006	623	112	8,817
Total	<u>4,962</u>	<u>1,701</u>	<u>395,812</u>	<u>5,584</u>	<u>1,558</u>	<u>563,073</u>

Certain information of the Group's commercial properties under management as at 31 December 2022 and 2021 is set out below:

Project	Opening Date	Property Type	Location	Geographic Region	Occupancy Rate		GFA under Management	
					As at 31 December		2022	2021
					2022	2021	2022	2021
					%	%	sq.m.	sq.m.
Xiamen SCE Building	January 2007	Office building	Xiamen	West Taiwan Strait Economic Zone	90.5	95.2	50,309	50,309
Beijing CBD SCE Funworld	September 2009	Shopping street	Beijing	Bohai Rim Economic Zone	88.5	78.5	54,484	54,484
Quanzhou SCE Funworld	May 2014	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	89.1	92.8	180,929	180,929
Gala Fun	December 2014	Shopping street	Quanzhou	West Taiwan Strait Economic Zone	75.0	71.7	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
Shanghai SCE Plaza Phase Two	July 2018	Office building	Shanghai	Yangtze River Delta Economic Zone	75.6	56.0	126,525	126,525
Quanzhou SCE Plaza Office Building	August 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	87.0	82.0	45,972	45,972
Shishi Fortune Center	September 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	69.9	47.1	33,380	33,380
Nan'an SCE Funworld	December 2018	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	97.1	100.0	72,618	72,618
Tianyue	October 2020	Office building	Shanghai	Yangtze River Delta Economic Zone	75.2	62.8	52,499	52,499
Shuitou SCE Funworld	December 2020	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	92.3	94.9	105,290	105,290
Xianyou SCE Funworld	December 2020	Shopping mall	Putian	West Taiwan Strait Economic Zone	91.1	97.0	82,678	82,678

Project	Opening Date	Property Type	Location	Geographic Region	Occupancy Rate		GFA under Management	
					As at 31 December		2022	2021
					2022	2021	2022	2021
					%	%	sq.m.	sq.m.
Taizhou SCE Funworld	December 2021	Shopping mall	Taizhou	Yangtze River Delta Economic Zone	84.2	98.0	199,625	199,625
Heyuan SCE Funworld	December 2021	Shopping mall	Heyuan	Guangdong-Hong Kong-Macao Greater Bay Area	80.8	90.0	111,084	111,084
Pingdingshan SCE Funworld	December 2021	Shopping mall	Pingdingshan	Central Western Region	97.3	100.0	111,142	111,142
Zhangjiagang SCE Funworld	December 2021	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	99.5	100.0	100,825	100,825
Gaomi SCE Funworld	December 2022	Shopping mall	Weifang	Bohai Rim Economic Zone	92.6	N/A	143,634	N/A
Total					<u>88.8</u>	<u>85.4</u>	<u>1,701,194</u>	<u>1,557,560</u>

The table below sets out certain information of the shopping malls and office buildings for which the Group has contracted to provide basic commercial property management but which have not yet been delivered to the Group for management as at 31 December 2022:

Project	Expected Opening Date	Property Type	Location	Geographic Region	Contracted GFA sq.m.
Tangshan SCE Funworld	March 2023	Shopping mall	Tangshan	Bohai Rim Economic Zone	78,048
Beijing West Chang'an SCE Funworld	March 2023	Shopping mall	Beijing	Bohai Rim Economic Zone	103,453
Shantou SCE Funworld	September 2023	Shopping mall	Shantou	Guangdong-Hong Kong-Macao Greater Bay Area	154,710

Project	Expected Opening Date	Property Type	Location	Geographic Region	Contracted GFA <i>sq.m.</i>
Fuzhou SCE Funworld	December 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	September 2024	Shopping mall	Shaoguan	Guangdong-Hong Kong-Macao Greater Bay Area	109,802
Nanchang SCE Funworld	December 2024	Shopping mall	Nanchang	West Taiwan Strait Economic Zone	112,232
Zhumadian SCE Funworld	June 2025	Shopping mall	Zhumadian	Central Western Region	153,094
Hefei SCE Funworld	June 2025	Shopping mall	Hefei	Yangtze River Delta Economic Zone	222,100
Haian SCE Funworld	September 2025	Shopping mall	Nantong	Yangtze River Delta Economic Zone	100,581
Rizhao SCE Funworld	September 2025	Shopping mall	Rizhao	Bohai Rim Economic Zone	112,719
Yushan SCE Funworld	December 2025	Shopping mall	Shangrao	West Taiwan Strait Economic Zone	60,000
Jieyang SCE Funworld	December 2025	Shopping mall	Jieyang	Guangdong-Hong Kong-Macao Greater Bay Area	116,196
Rudong SCE Funworld	December 2025	Shopping mall	Nantong	Yangtze River Delta Economic Zone	123,233
Dinghu Woven City	December 2025	Office building	Hangzhou	Yangtze River Delta Economic Zone	459,983
Tongchuan SCE Funworld	December 2026	Shopping mall	Tongchuan	Central Western Region	122,112
Chizhou SCE Funworld	December 2026	Shopping mall	Chizhou	Yangtze River Delta Economic Zone	116,326
Binzhou SCE Funworld	December 2026	Shopping mall	Binzhou	Bohai Rim Economic Zone	127,152

Project	Expected Opening Date	Property Type	Location	Geographic Region	Contracted GFA <i>sq.m.</i>
Meizhou SCE Funworld	December 2026	Shopping mall	Meizhou	Guangdong-Hong Kong-Macao Greater Bay Area	119,083
Tongnan SCE Funworld	December 2026	Shopping mall	Chongqing	Central Western Region	130,392
Xiangtan SCE Funworld	December 2026	Shopping mall	Xiangtan	Central Western Region	106,830
Nantong Haimen SCE Funworld	December 2026	Shopping mall	Nantong	Yangtze River Delta Economic Zone	228,837
Penglai SCE Funworld	December 2026	Shopping mall	Penglai	Bohai Rim Economic Zone	118,999
Total					<u>3,260,921</u>

Although the Group’s commercial projects scheduled to be opened had been postponed under the difficult market situation in 2022, Gaomi SCE Funworld, which was successfully opened at the end of the Year, achieved brilliant opening results and earned a good reputation in the local market, which enhanced the prestige of SCE Funworld and affirmed the broad experience of the Group’s management team and its ability to continue to ensure high-quality service standards in the face of severe market changes. In addition, the market fit of the brand portfolio of Gaomi SCE Funworld in Shandong Province and the number of visits during its opening exceeded the expectations of the local market, which boosted the confidence of business partners in the brand of SCE Funworld. While Gaomi SCE Funworld became the Group’s first shopping mall in the Bohai Rim Economic Zone, a strategic step for the Group’s business expansion has been established in China’s vast territory.

As at the end of 2022, the total number of members of the Group exceeded 2.2 million. The Group comprehensively upgraded member’s privilege, established a private domain traffic matrix, and consolidated digital intelligence to empower business operations. The total brand adjustment of SCE Funworld exceeded 20% during the Year. Particularly, Quanzhou SCE Funworld upgraded its tenant mix to become the first city display of international cosmetic products. Brands of international luxury watches, well-known sportswear, women’s clothing, and internet celebrity restaurants had opened their first stores. In 2022, the Group fully and iteratively upgraded the online application and provided functions such as “Sales and Distribution by Users”, “Super-valued Group Buying”, “Sign-in Gift” and “Fun Games”. The mechanism of selling and distributing all products by all people and the group-buying model drove the growth of the brand’s performance. At the same time, it increased user stickiness, expanded online and offline marketing groups, and broke through the boundaries of time and space. For example,

Beijing West Chang'an SCE Funworld, which will open in 2023, will be developed into a "24-hour Non-closing Innovative Outlet" to provide customers with a more convenient and faster shopping experience. This move not only breaks through the traditional single-point operation model of a single offline merchant, but also connects all offline merchants across the country with a marketing channel matrix to help merchants to market conveniently and allow national products to be sold nationwide. In November 2022, the "SCE Shopping Card" was officially launched, which interacted with the brand to open a new online and offline shopping model and further optimise digital marketing.

Residential Property Management Services

During the Year, the Group's residential property management services segment recorded total revenue of approximately RMB786.6 million, representing a year-on-year increase of approximately 17.9%; GFA under management was approximately 24.0 million sq.m., representing a year-on-year increase of approximately 15.2%; the number of projects under management was 149 projects, representing an increase of 21 projects; and contracted GFA was approximately 43.2 million sq.m., representing a year-on-year increase of approximately 6.7%.

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

	Year ended 31 December					
	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	8,998	4,529	176,061	7,584	2,996	143,096
West Taiwan Strait						
Economic Zone	16,167	11,595	325,075	15,976	10,930	296,106
Bohai Rim Economic Zone	6,281	3,532	135,968	5,460	3,152	121,672
Guangdong-Hong Kong-Macao						
Greater Bay Area	4,244	1,003	56,143	4,244	783	43,317
Central Western Region	7,489	3,353	93,312	7,209	2,987	62,786
Total	<u>43,179</u>	<u>24,012</u>	<u>786,559</u>	<u>40,473</u>	<u>20,848</u>	<u>666,977</u>

OUTLOOK

After a year of turmoil in the real estate market, all real estate developers have suffered greatly. Certain real estate developers are still relatively resilient and firmly fulfilling their debt obligation. Some real estate developers who lack cash flow can only “lie flat” and wait for the moment when the financing environment improves. Now that the Chinese government has modified its response to the COVID-19 pandemic, indicating that China will reopen its door to the world, and the economy will gradually recover. The open attitude towards real estate financing will also inject new impetus for the restart of the real estate industry. Real estate developers including the China SCE Group will be able to improve cash flow and speed up the construction progress of all projects. It is expected that the Group will be able to regain its inherent pace and expand its management scale at a rapid rate. On the other hand, the Group will utilise its existing funds flexibly to identify potential targets among industries and expand the scale of its property management portfolio in a prudent manner, thereby magnifying the brand effect of “SCE CM”.

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”, optimise its human resources structure, deepen the application of digitalisation, 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 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 2023, 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.

FINANCIAL REVIEW

Revenue

Revenue decreased by 3.9% from approximately RMB1,230.1 million in 2021 to approximately RMB1,182.4 million in 2022. This was due to the combined effect of increase in the GFA under management and the significant decrease in the revenue recorded from the provision of pre-opening management services of commercial properties.

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

	Year ended 31 December			
	2022		2021	
	Revenue <i>RMB'000</i>	Percentage %	Revenue <i>RMB'000</i>	Percentage %
Commercial property management and operational services				
Basic commercial property management services	242,762	20.5	186,801	15.2
Pre-opening management services	45,044	3.8	286,499	23.3
Other value-added services	108,006	9.2	89,773	7.3
Subtotal	395,812	33.5	563,073	45.8
Residential property management services				
Basic residential property management services	529,074	44.8	414,286	33.7
Value-added services to non-property owners	195,574	16.5	173,155	14.1
Community value-added services	61,911	5.2	79,536	6.4
Subtotal	786,559	66.5	666,977	54.2
Total	1,182,371	100.0	1,230,050	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 30.0% from approximately RMB186.8 million in 2021 to approximately RMB242.8 million in 2022, accounting for approximately 20.5% 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 84.3% from approximately RMB286.5 million in 2021 to approximately RMB45.0 million in 2022, accounting for approximately 3.8% 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 30 in 2021 to 7 in 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 20.3% from approximately RMB89.8 million in 2021 to approximately RMB108.0 million in 2022, accounting for approximately 9.2% of its total revenue. This was due to the combined effect of increase in GFA under management and the worse impact of the COVID-19 pandemic on the operations in 2022 as compared with 2021.

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 27.7% from approximately RMB414.3 million in 2021 to approximately RMB529.1 million in 2022, accounting for approximately 44.8% 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 12.9% from approximately RMB173.2 million in 2021 to approximately RMB195.6 million in 2022, accounting for approximately 16.5% of its total revenue. This was due to the increase in revenue from the provision of the 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 decreased by approximately 22.2% from approximately RMB79.5 million in 2021 to approximately RMB61.9 million in 2022, accounting for approximately 5.2% of its total revenue. This was due to the decrease in revenue from the provision of residential property agency services.

Gross Profit

Gross profit decreased by approximately 26.0% from approximately RMB580.9 million in 2021 to approximately RMB430.0 million in 2022.

The overall gross profit margin decreased from approximately 47.2% in 2021 to approximately 36.4% in 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 properties which had higher gross profit margins.

Other Income and Gains

The Group's other income and gains mainly comprised bank interest income, foreign exchange gain, government subsidies and forfeiture income on deposits received.

Other income and gains increased significantly by approximately 93.1% from approximately RMB24.0 million in 2021 to approximately RMB46.4 million in 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 and depreciation.

Administrative expenses decreased by approximately 10.9% from approximately RMB218.5 million in 2021 to approximately RMB194.7 million in 2022. The decrease in administrative expenses was mainly attributable to the absence of one-off share issue expenses incurred during the Year.

Income Tax Expense

Income tax expense decreased significantly by approximately 30.4% from approximately RMB97.5 million in 2021 to approximately RMB67.8 million in 2022. Income tax expense as a percentage of profit before taxation decreased from 25.4% in 2021 to 24.2% in 2022, mainly resulted from the absence of one-off share issue expenses, which are non-deductible expenses for the purpose of PRC corporate income tax computation, incurred during the Year.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent decreased by approximately 25.9% from approximately RMB280.6 million in 2021 to approximately RMB208.1 million in 2022. Basic earnings per share amounted to approximately RMB10.0 cents in 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2022, the Group's cash and bank balances were denominated in different currencies as set out below:

	31 December 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Renminbi	2,220,441	2,427,033
Hong Kong dollars	4,737	413,424
US dollars	2,112	59,153
	<hr/>	<hr/>
Total cash and bank balances	<u>2,227,290</u>	<u>2,899,610</u>

The Group placed certain deposits in a bank in the PRC to secure certain bills issued from a bank in the PRC for the bidding of commercial land parcels for future development of the Group. As at 31 December 2022, the amount of pledged deposits was approximately RMB1.0 billion (31 December 2021: Nil).

Borrowings

As at 31 December 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 31 December 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 at 31 December 2022, 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 at 31 December 2022 (31 December 2021: Nil). The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**Annual General Meeting**”) of the Company will be held on Tuesday, 30 May 2023. Notice of the Annual General Meeting will be published and despatched in accordance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange in due course.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: HK5 cents per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the Annual General Meeting to be held on Tuesday, 30 May 2023, the register of members of the Company will be closed from Wednesday, 24 May 2023 to Tuesday, 30 May 2023, both days inclusive, during which no transfer of shares can be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents should be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 May 2023.

AUDIT COMMITTEE

The Company established an audit committee of the Board (the “**Audit Committee**”) on 10 June 2021 in compliance with rule 3.21 of the Listing Rules. The Audit Committee comprises two independent non-executive Directors, namely Mr. Wang Yongping and Mr. Pang Hon Chung, and the non-executive Director, namely Mr. Huang Youquan. Mr. Pang Hon Chung is the chairman of the Audit Committee and has considerable experience in accounting and financial management, which is in line with the requirement of rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the accounting policies adopted by the Group, the consolidated financial statements of the Group for the year ended 31 December 2022 and this annual results announcement.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Company’s external auditor, Ernst & Young (“**EY**”), to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the Year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Year.

EVENT AFTER THE REPORTING PERIOD

The Company repurchased a total of 60,000,000 ordinary shares at an aggregate purchase price of HK\$114,786,000 on the Stock Exchange during the period from 11 to 13 January 2023 and from 16 to 19 January 2023, These repurchased shares were cancelled on 6 February 2023.

CORPORATE GOVERNANCE

During the Year, the Company and the Board had applied the principles of and complied with the applicable code provisions of the Corporate Governance Code effective during the Year as set out in Part 2 of Appendix 14 to the Listing Rules.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND OF THE COMPANY

This results announcement of the Company for the year ended 31 December 2022 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.sce-icm.com.

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

Hong Kong, China, 30 March 2023

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.