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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 2024**

FINANCIAL HIGHLIGHTS

- Revenue slightly increased by approximately 0.4% to approximately RMB622.5 million.
- Gross profit margin was approximately 33.6%.
- Profit attributable to owners of the parent was approximately RMB80.4 million.
- The total contracted gross floor area (“GFA”) and GFA under management were approximately 47.7 million sq.m. and 32.5 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 2024, together with the comparative figures for the corresponding period in 2023, as follows:

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

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
REVENUE	4	622,507	620,265
Cost of sales		<u>(413,360)</u>	<u>(408,430)</u>
Gross profit		209,147	211,835
Other income and gains	4	33,193	55,231
Selling and marketing expenses		(4,303)	(9,098)
Administrative expenses		(120,034)	(61,434)
Finance cost	5	(140)	(14)
Share of profit of a joint venture		<u>653</u>	<u>284</u>
PROFIT BEFORE TAX	6	118,516	196,804
Income tax expense	7	<u>(34,705)</u>	<u>(55,517)</u>
PROFIT FOR THE PERIOD		<u>83,811</u>	<u>141,287</u>
OTHER COMPREHENSIVE (LOSS)/INCOME:			
Other comprehensive (loss)/income that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(535)</u>	<u>14,351</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		<u>(535)</u>	<u>14,351</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>83,276</u>	<u>155,638</u>

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

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Note</i>	RMB'000	RMB'000
Profit attributable to:			
Owners of the parent		80,432	137,799
Non-controlling interests		3,379	3,488
		<u>83,811</u>	<u>141,287</u>
Total comprehensive income attributable to:			
Owners of the parent		79,897	152,150
Non-controlling interests		3,379	3,488
		<u>83,276</u>	<u>155,638</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	<u>RMB4.16 cents</u>	<u>RMB6.82 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property and equipment		35,477	32,204
Investment properties		1,011,343	1,026,077
Intangible asset		274	400
Prepayments		5,024	6,096
Investment in a joint venture		2,912	2,259
Deferred tax assets		58,457	58,921
		<hr/>	<hr/>
Total non-current assets		1,113,487	1,125,957
CURRENT ASSETS			
Trade receivables	<i>10</i>	381,709	274,428
Prepayments, deposits and other receivables		199,472	202,729
Amount due from a related party		896,724	635,853
Cash and cash equivalents		963,859	1,157,372
		<hr/>	<hr/>
Total current assets		2,441,764	2,270,382
CURRENT LIABILITIES			
Trade payables	<i>11</i>	146,827	118,377
Other payables and accruals		296,412	306,139
Contract liabilities		305,492	253,312
Tax payable		42,712	41,958
		<hr/>	<hr/>
Total current liabilities		791,443	719,786
		<hr/>	<hr/>
NET CURRENT ASSETS		1,650,321	1,550,596
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,763,808	2,676,553
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

30 June 2024

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES		
Lease liabilities	3,141	–
Deferred tax liabilities	68	100
	<hr/>	<hr/>
Total non-current liabilities	3,209	100
	<hr/>	<hr/>
Net assets	2,760,599	2,676,453
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	16,024	16,024
Reserves	2,720,488	2,639,721
	<hr/>	<hr/>
	2,736,512	2,655,745
Non-controlling interests	24,087	20,708
	<hr/>	<hr/>
Total equity	2,760,599	2,676,453
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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 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 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 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 2024 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 (“**HKICPA**”) and the disclosure requirements of Appendix D2 (formerly known as Appendix 16) to 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 consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention. These unaudited interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB'000**”) except when otherwise indicated.

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 annual consolidated financial statements for the year ended 31 December 2023, 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the revised standards has had no significant impact on 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 Chinese Mainland during the six months ended 30 June 2024 and 2023 and the non-current assets of the Group were substantially located in Chinese Mainland as at 30 June 2024 and 31 December 2023.

Information about major customers

For the six months ended 30 June 2024 and 2023, revenue from the China SCE Group contributed 5.4% and 13.7% 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 2024 and 2023.

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Type of goods or services		
<i>Revenue from contracts with customers</i>		
Property management services	490,036	430,550
Value-added services	132,471	183,318
Commercial operational services	–	6,397
	<u>622,507</u>	<u>620,265</u>

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	5,197	21,278
Gain on disposal of items of property and equipment, net	5	4
Forfeiture income on deposits received	310	203
Government grants	144	9,194
Interest income from a related party	26,832	24,290
Others	705	262
	<u>33,193</u>	<u>55,231</u>

5. FINANCE COST

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	<u>140</u>	<u>14</u>

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of services provided	413,360	408,430
Depreciation of property and equipment	7,771	7,320
Depreciation of right-of-use assets	1,866	1,087
Depreciation of investment properties	14,734	171
Amortisation of an intangible asset	126	126
Gain on disposal of property and equipment, net	(5)	(4)
Loss on termination of leases	–	280
Employee benefit expense (including directors' remuneration):		
Salaries, bonuses and benefits in kind	225,804	218,133
Share-based payment expenses	870	853
Pension scheme contributions	41,288	39,916
	<u>267,962</u>	<u>258,902</u>
Impairment of trade receivables	27,440	–
Foreign exchange differences, net	<u>(6)</u>	<u>(125)</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 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 periods as the Group did not generate any assessable profits arising in Hong Kong during these periods.

Subsidiaries of the Group operating in Chinese Mainland are subject to the PRC corporate income tax ("CIT") at a rate of 25% for the periods. Certain subsidiaries of the Group in Chinese Mainland 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 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%.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current charge for the period:		
PRC CIT	35,058	53,340
Over-provision in prior periods:		
Chinese Mainland	(786)	–
	34,272	53,340
Deferred	433	2,177
Total tax charge for the period	34,705	55,517

8. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of RMB80,432,000 (six months ended 30 June 2023: RMB137,799,000), and the weighted average number of ordinary shares of 1,935,000,000 (six months ended 30 June 2023: 2,019,857,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2024 and 2023 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 and associates 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 and associates 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:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Current to 90 days	91,257	125,250
91 to 180 days	95,890	67,012
181 to 365 days	152,746	39,068
Over 365 days	41,816	43,098
	381,709	274,428

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:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Current to 90 days	110,341	92,469
91 to 365 days	32,421	23,347
Over 365 days	4,065	2,561
	146,827	118,377

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 30 June 2024, there were 37 contracted commercial properties with a total contracted GFA of approximately 4.6 million sq.m. and 17 commercial properties under management with a total GFA under management of approximately 1.7 million sq.m..

The Group also provides property management services to residential properties. As at 30 June 2024, there were 220 contracted residential projects with a total contracted GFA of approximately 43.1 million sq.m. and 186 residential projects under management with a total GFA under management of approximately 30.8 million sq.m..

BUSINESS REVIEW

During the six months ended 30 June 2024 (the “**Period**”), the Group’s business comprised 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:

	Six months ended 30 June	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Commercial property management and operational services	221,842	199,948
Residential property management services	400,665	420,317
Total	622,507	620,265

Commercial property management and operational services

During the Period, the Group's commercial property management and operational services segment recorded total revenue of approximately RMB221.8 million, representing a year-on-year increase of approximately 10.9%; GFA under management of approximately 1.7 million sq.m., representing a year-on-year decrease of approximately 10.2%; the number of projects under management of 17 projects, representing a year-on-year decrease of one project; and contracted GFA of approximately 4.6 million sq.m., representing a year-on-year decrease of approximately 7.0%.

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					
	2024			2023		
	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	1,752	353	59,429	2,097	698	71,377
West Taiwan Strait Economic Zone	879	571	82,790	879	571	68,169
Bohai Rim Economic Zone	739	379	61,060	739	379	43,649
Guangdong-Hong Kong-Macao Greater Bay Area	611	266	6,043	611	111	6,883
Central Western Region	624	112	12,520	624	112	9,870
Total	<u>4,605</u>	<u>1,681</u>	<u>221,842</u>	<u>4,950</u>	<u>1,871</u>	<u>199,948</u>

Certain information of the Group's commercial properties under management as at 30 June 2024 and 2023 is set out below:

Project	Opening Date	Property Type	Location	Geographic Region	Occupancy Rate		GFA under Management	
					2024	2023	2024	2023
					As of 30 June			
					%	%	sq.m.	sq.m.
Xiamen SCE Building	January 2007	Office building	Xiamen	West Taiwan Strait Economic Zone	82.5	85.6	50,309	50,309
Beijing CBD SCE Funworld	September 2009	Shopping street	Beijing	Bohai Rim Economic Zone	85.4	87.4	54,484	54,484
Quanzhou SCE Funworld	May 2014	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	90.4	88.7	180,929	180,929
Shanghai SCE Plaza Phase One	June 2017	Office building	Shanghai	Yangtze River Delta Economic Zone	N/A	100.0	N/A	218,471
Shanghai SCE Plaza Phase Two	July 2018	Office building	Shanghai	Yangtze River Delta Economic Zone	N/A	75.6	N/A	126,525
Quanzhou SCE Plaza Office Building	August 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	78.0	84.3	45,972	45,972
Shishi Fortune Center	September 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	78.1	74.9	33,380	33,380
Nan'an SCE Funworld	December 2018	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	97.7	96.2	72,618	72,618
Tianyue	October 2020	Office building	Shanghai	Yangtze River Delta Economic Zone	53.8	79.0	52,499	52,499
Shuitou SCE Funworld	December 2020	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	82.5	84.1	105,290	105,290
Xianyou SCE Funworld	December 2020	Shopping mall	Putian	West Taiwan Strait Economic Zone	92.8	83.9	82,678	82,678
Taizhou SCE Funworld	December 2021	Shopping mall	Taizhou	Yangtze River Delta Economic Zone	90.7	84.0	199,625	199,625
Heyuan SCE Funworld	December 2021	Shopping mall	Heyuan	Guangdong-Hong Kong-Macao Greater Bay Area	76.1	72.0	111,084	111,084
Pingdingshan SCE Funworld	December 2021	Shopping mall	Pingdingshan	Central Western Region	97.1	97.8	111,142	111,142
Zhangjiagang SCE Funworld	December 2021	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	98.3	97.0	100,825	100,825
Gaomi SCE Funworld	December 2022	Shopping mall	Weifang	Bohai Rim Economic Zone	93.5	96.7	143,634	143,634
Tangshan SCE Funworld	March 2023	Shopping mall	Tangshan	Bohai Rim Economic Zone	94.9	88.4	78,048	78,048
Beijing West Chang'an SCE Funworld	March 2023	Shopping mall	Beijing	Bohai Rim Economic Zone	98.3	100.0	103,453	103,453
Shantou SCE Funworld	December 2023	Shopping mall	Shantou	Guangdong-Hong Kong-Macao Greater Bay Area	88.7	N/A	154,710	N/A
Total					<u>87.1</u>	<u>88.4</u>	<u>1,680,680</u>	<u>1,870,966</u>

Nowadays, new consumption trends, patterns and habits are constantly emerging. In the Period, adhering to the “Business-oriented” approach and emphasising “Store-specific Policies”, SCE CM has actively utilised its resources that align with the business positioning of its projects. It has constantly upgraded the commercial content, and sought new avenues for urban commercial advancement to achieve mutual success with the tenants. At the same time, SCE CM has actively adjusted the project content portfolio from the aspects of “New Scene, New Content and New Marketing” to establish a unique business label of SCE CM and to enhance project operational capabilities.

For shopping malls which have entered the era of inventory, “Content Renewal” is a must. In response to new market conditions and actual operating circumstances of its projects, SCE CM optimised its brand mix across different business sectors and promoted tenant sourcing by leveraging project positioning and planning and operational performance. In the Period, with a focus on the content labels of “City’s First Store”, “Internet Celebrity’s Popularity” and “Cultural Circle”, each SCE Funworld has introduced a lineup of brands that combined both high traffic and quality, resulting in overall brand adjustment rate exceeded 20%. Among them, Quanzhou SCE Funworld has successfully introduced international high-end cosmetic brands, thereby forming a competitive lineup of city first-store brands that includes international light luxury, high-end cosmetic and international watch brands. The achievement further proved the appeal of SCE Funworld brand and its recognition within the industry.

In the Period, the Group upheld “Content Customisation” as its core principle and organised a series of activities that reflected the city’s characteristics and catered to consumer preferences, such as “6 June Happy Life Festival” and “Urban Youth Festival”. The activities have achieved impressive results with significant year-on-year increases in overall number of visitors and sales, showcasing the strong commercial momentum of SCE Funworld. SCE CM continuously observed emerging popular trends and persistently explored growing opportunities for new content focused on “Urban Culture, Trendy Youth, and Fan Economy”. SCE CM also organised events such as “Concert Fan Support Season”, “City Intangible Cultural Heritage Festivals”, and “Anime Consumption Interaction Day” , in order to unlock consumption potentials from young people. These events created scene content that resonated with consumers and empowered steady brand performance growth.

Placing consumers at the core, and empowering business operations with digital technology are the key initiatives for the in-depth operation of SCE CM. In the Period, the Group has comprehensively upgraded the membership benefits system from the vital interests of its members to provide services such as contactless parking and VIP exclusive parking spaces. In addition, the Group further enhanced membership point usage by collaborating with in-store tenants to introduce function services such as “Points Plus Discounted Price Redemption” and “Paid by Points”, so as to reinforce membership benefits and to broaden new context for commercial sales. As at 30 June 2024, the total number of members of SCE Funworld mobile phone application exceeded 3.3 million, with a year-on-year growth of 10%.

Residential Property Management Services

During the Period, the Group’s residential property management services segment recorded total revenue of approximately RMB400.7 million, representing a year-on-year decrease of approximately 4.7%; GFA under management was approximately 30.8 million sq.m., representing a year-on-year increase of approximately 19.0%; the number of projects under management was 186 projects, representing a year-on-year increase of 27 projects; and contracted GFA was approximately 43.1 million sq.m..

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					
	2024			2023		
	Contracted GFA sq.m.	GFA under Management sq.m.	Revenue RMB	Contracted GFA sq.m.	GFA under Management sq.m.	Revenue RMB
	(in thousands)			(in thousands)		
Yangtze River Delta Economic Zone	8,829	5,654	70,051	8,914	4,620	72,168
West Taiwan Strait Economic Zone	16,031	13,846	191,890	16,167	12,412	195,532
Bohai Rim Economic Zone	6,281	4,084	60,512	6,281	3,668	66,699
Guangdong-Hong Kong-Macao Greater Bay Area	4,244	2,225	27,675	4,244	1,374	29,465
Central Western Region	7,702	4,976	50,537	7,489	3,798	56,453
Total	43,087	30,785	400,665	43,095	25,872	420,317

In residential property management business segment, the Group relies on its insights and analysis of the market environment. At the essence of property services, it aims to strengthen fundamental quality and focus on sustainable operations. Through various measures such as restructuring the organisational framework, refining the service system, enhancing service details, strengthening organisational construction capabilities, and improving the construction of intelligence system, the Group's business is restructured to unlock service potential, enhance service efficiency, and build a solid and robust corporate moat with "service capabilities". Customer experience is the benchmark for service improvement. According to different project positioning, the Group has successively launched service models such as "Concierge-Style Service", "Hotel-Style Service" and "One-stop Service", complemented by diverse, varied, and dynamic community cultural activities. Service plans are customised according to different owner needs, striving to achieve the most suitable and highest quality service standards. In addition to basic property management services, the Group focused on the development of value-added services. By providing property owners with services such as household management, cleaning, leasing, charging piles and water dispensers, the Group has expanded its profit sources while also offering convenience and comfort to property owners and residents, ultimately enhancing their happiness in life. Meanwhile, the Group is dedicated to the development of exquisite residence services to establish its distinctive home style and provide customers with a one-stop service experience, thus enhancing its brand image and service quality.

OUTLOOK

At present, the competition in the commercial property management market remains intense. For commercial property management that withstands market cycles, robust product strengths and content quality are the driving forces behind SCE CM's resilience and continued progress. The core of all these lies in providing high-quality services to consumers. In the moments of environmental change, it is often a critical juncture for businesses to establish emotional connection with consumers. The essence of future commercial property operations also lies in working hand in hand with tenants to serve consumers effectively. For SCE CM, it is essential to manage the Group's projects under the premise of business logic and to identify commercial content that fits consumers and aligns with the project's positioning.

2024 will be a year for SCE CM to consolidate its foundation and continue to exert efforts. Huajiao SCE Funworld and Fuzhou SCE Funworld are scheduled to commence operation in the fourth quarter of current year. In the future, SCE CM will open a new chapter in the strategic landscape and advance towards a new level of "Scaling up with Quality".

Looking ahead to the second half of 2024, SCE CM will maintain a stable and upward trend in corporate development. By fundamentally benchmarking against industry standard of excellence in commercial operations, it will carve out a differentiated development path with the Group's characteristics. Customising commercial positioning content tailored to urban consumption characteristics and market resources, it will actively expand new commercial resources, lead urban consumption, and strive to become an initiator and leader of a better life.

FINANCIAL REVIEW

Revenue

Revenue slightly increased by 0.4% from approximately RMB620.3 million in the first half of 2023 to approximately RMB622.5 million in the Period. A breakdown of the Group's revenue by service category for the periods indicated is set out below:

	Six months ended 30 June			
	2024		2023	
	Revenue <i>RMB'000</i>	Percentage %	Revenue <i>RMB'000</i>	Percentage %
Commercial property management and operational services				
Basic commercial property management services	134,447	21.6	131,348	21.2
Pre-opening management services	–	–	6,397	1.0
Other value-added services	87,395	14.0	62,203	10.0
Subtotal	221,842	35.6	199,948	32.2
Residential property management services				
Basic residential property management services	355,589	57.1	299,202	48.2
Value-added services to non-property owners	8,968	1.5	66,810	10.8
Community value-added services	36,108	5.8	54,305	8.8
Subtotal	400,665	64.4	420,317	67.8
Total	622,507	100.0	620,265	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 slightly by approximately 2.4% from approximately RMB131.3 million in the first half of 2023 to approximately RMB134.4 million in the Period, accounting for approximately 21.6% of its total revenue.

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 significantly by approximately 40.5% from approximately RMB62.2 million in the first half of 2023 to approximately RMB87.4 million in the Period, accounting for approximately 14.0% of its total revenue. This was mainly due to additional income as a result of a newly acquired outlet-based shopping mall located in Beijing in the end of 2023.

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 18.8% from approximately RMB299.2 million in the first half of 2023 to approximately RMB355.6 million in the Period, accounting for approximately 57.1% 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 decreased significantly by approximately 86.6% from approximately RMB66.8 million in the first half of 2023 to approximately RMB9.0 million in the Period, accounting for approximately 1.5% of its total revenue. This was due to the significant decrease in the revenue from the provision of sales office management services and pre-delivery inspection services.

Gross Profit

Gross profit decreased slightly by approximately 1.3% from approximately RMB211.8 million in the first half of 2023 to approximately RMB209.1 million in the Period. The overall gross profit margin decreased slightly from approximately 34.2% in the first half of 2023 to approximately 33.6% in the Period.

Other Income and Gains

Other income and gains decreased significantly by approximately 39.9% from approximately RMB55.2 million in the first half of 2023 to approximately RMB33.2 million in the Period. The decrease in other income and gains was mainly due to the significant decrease in bank interest income and government grants.

Administrative Expenses

Administrative expenses increased significantly by approximately 95.4% from approximately RMB61.4 million in the first half of 2023 to approximately RMB120.0 million in the Period. The increase in administrative expenses was mainly attributable to the increase in GFA under management and the number of projects under management of the residential property management segment, and the impairment of trade receivables.

Income Tax Expense

Income tax expense decreased significantly by approximately 37.5% from approximately RMB55.5 million in the first half of 2023 to approximately RMB34.7 million in the Period. Income tax expense as a percentage of profit before taxation increased from 28.2% in the first half of 2023 to 29.3% in the Period, mainly resulted from the impairment of trade receivables, which was not deductible for tax purposes.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent decreased significantly by approximately 41.6% from approximately RMB137.8 million in the first half of 2023 to approximately RMB80.4 million in the Period. The decrease in profit attributable to owners of the parent was mainly due to the reasons discussed above. Basic earnings per share amounted to approximately RMB4.16 cents in the Period.

Investment Properties

The Group's investment properties mainly represented the carrying amount of an outlet-based shopping mall located in Beijing.

Amount Due From a Related Party

The Group's amount due from a related party was a loan advanced to the China SCE Group. On 24 November 2022, Shanghai China SCE Commercial Management Co., Ltd. (the "**Lender**"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement (the "**Loan Agreement**") with Shanghai Zhongjun Property Co., Ltd. (the "**Borrower**"), an indirect wholly-owned subsidiary of China SCE Group Holdings Limited, pursuant to which the Lender has agreed to advance to the Borrower a loan (the "**Loan**") for a fixed term commencing from the date of drawdown and ending on 31 December 2024 in the principal amount of up to RMB900.0 million at an interest rate of 7.0% per annum for the purpose of replenishing the working capital of the China SCE Group. As at 30 June 2024, the balance was approximately RMB896.7 million. The Board considered that by entering into the Loan Agreement, the Group could produce extra income with its idle cash with potentially higher returns than other available options. The additional short to medium term capital under the Loan also allows the China SCE Group to accelerate the process of construction and delivery of its properties, which will in turn benefit the long-term development of the Group when it is engaged to provide property management services for such properties upon their delivery.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2024, the Group's cash and bank balances were denominated in different currencies as set out below:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Renminbi	859,288	1,150,187
Hong Kong dollars	9,386	5,116
US dollars	95,185	2,069
	<hr/>	<hr/>
Total cash and bank balances	963,859	1,157,372
	<hr/> <hr/>	<hr/> <hr/>

Borrowings

As at 30 June 2024, the Group did not incur any borrowings (31 December 2023: Nil).

The gearing ratio was calculated by dividing the net amount of interest-bearing borrowings by total equity. As at 30 June 2024, the gearing ratio was nil (31 December 2023: 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 30 June 2024 and 31 December 2023, except for certain 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 30 June 2024 (31 December 2023: Nil). The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

CORPORATE GOVERNANCE

During the Period, the Company and the Board has complied with all applicable code provisions under the Corporate Governance Code (the “**CG Code**”) set out in Part 2 of Appendix C1 to the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

Pursuant to the provisions of the CG Code, the Company established the audit committee (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 Audit Committee has reviewed the unaudited interim results of the Group for the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company or its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2023: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.sce-icm.com) and the Stock Exchange (www.hkexnews.hk). The 2024 interim report of the Group containing the relevant information required by the Listing Rules will be 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, 29 August 2024

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