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**CHINA SCE GROUP HOLDINGS LIMITED**

**中駿集團控股有限公司**

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

**(Stock Code: 1966)**

**(Debt Stock Codes: 40628, 40444, 40590)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**FINANCIAL HIGHLIGHTS**

- Contracted sales amount was approximately RMB6,131,433,000.
- Revenue increased significantly by 161.7% to approximately RMB24,816,532,000.
- Gross profit margin increased to approximately 18.0%.
- Loss attributable to owners of the parent was approximately RMB3,682,268,000.

The board (the “**Board**”) of directors (the “**Directors**”) of China SCE Group Holdings Limited (the “**Company**” or “**China SCE**”) 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:

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

*For the six months ended 30 June 2024*

|   | <i>Notes</i> | <b>Six months ended 30 June</b>                     |  |
|---|--------------|---|--|
|   |              | <b>2024</b><br><b>(Unaudited)</b><br><b>RMB’000</b> | <b>2023</b><br><b>(Unaudited)</b><br><b>RMB’000</b><br><b>(Restated)</b> |
| <b>REVENUE</b>  | 4            | <b>24,816,532</b>                                   | 9,481,871  |
| Cost of sales   |              | <u><b>(20,356,550)</b></u>                          | <u>(7,840,482)</u>   |
| Gross profit  |              | <b>4,459,982</b>                                    | 1,641,389  |
| Other income and gains  | 4            | <b>201,550</b>                                      | 391,443  |
| Changes in fair value of<br>investment properties, net  |              | <b>(3,088,113)</b>                                  | (1,195,744)  |
| Selling and marketing expenses  |              | <b>(395,676)</b>                                    | (591,170)  |
| Administrative expenses   |              | <b>(627,537)</b>                                    | (705,255)  |
| Write down to net realisable value of<br>completed properties held for sale<br>and properties under development |              | <b>(1,828,253)</b>                                  | (195,493)  |
| Other expenses  |              | <b>(961,136)</b>                                    | –  |
| Finance costs   | 5            | <b>(861,384)</b>                                    | (453,892)  |
| Share of profits of:  |              |   |  |
| Joint ventures  |              | <b>339,986</b>                                      | 19,019   |
| Associates  |              | <b>32,892</b>                                       | 38,574   |
| <b>LOSS BEFORE TAX</b>  | 6            | <b>(2,727,689)</b>                                  | (1,051,129)  |
| Income tax credit/(expense)   | 7            | <u><b>(696,437)</b></u>                             | <u>28,964</u>  |
| <b>LOSS FOR THE PERIOD</b>  |              | <u><b>(3,424,126)</b></u>                           | <u>(1,022,165)</u>   |

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

*For the six months ended 30 June 2024*

|   | <b>Six months ended 30 June</b> |                           |
|---|---------------------------------|---------------------------|
|   | <b>2024</b>                     | 2023                      |
|   | <b>(Unaudited)</b>              | (Unaudited)               |
|   | <b>RMB'000</b>                  | RMB'000                   |
| <b>OTHER COMPREHENSIVE LOSS:</b>  |                                 |                           |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:    |                                 |                           |
| Share of other comprehensive loss of joint ventures   | (8,258)                         | (5,933)                   |
| Exchange differences on translation of foreign operations                                     | <u>(635,925)</u>                | <u>(1,024,898)</u>        |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods | <u>(644,183)</u>                | <u>(1,030,831)</u>        |
| <b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>  | <u>(644,183)</u>                | <u>(1,030,831)</u>        |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>  | <u><u>(4,068,309)</u></u>       | <u><u>(2,052,996)</u></u> |

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

*For the six months ended 30 June 2024*

|   |             | <b>Six months ended 30 June</b> |                     |
|---|-------------|---------------------------------|---------------------|
|   |             | <b>2024</b>                     | 2023                |
|   | <i>Note</i> | <b>(Unaudited)</b>              | (Unaudited)         |
|   |             | <b>RMB'000</b>                  | <b>RMB'000</b>      |
| Profit/(loss) attributable to:  |             |                                 |                     |
| Owners of the parent  |             | <b>(3,682,268)</b>              | (1,124,981)         |
| Non-controlling interests   |             | <b>258,142</b>                  | 102,816             |
|   |             | <u><b>(3,424,126)</b></u>       | <u>(1,022,165)</u>  |
| Total comprehensive income/(loss) attributable to:                                  |             |                                 |                     |
| Owners of the parent  |             | <b>(4,319,113)</b>              | (2,091,549)         |
| Non-controlling interests   |             | <b>250,804</b>                  | 38,553              |
|   |             | <u><b>(4,068,309)</b></u>       | <u>(2,052,996)</u>  |
| <b>LOSS PER SHARE ATTRIBUTABLE TO<br/>ORDINARY EQUITY HOLDERS OF THE<br/>PARENT</b> | <b>9</b>    |                                 |                     |
| Basic and diluted   |             | <b>RMB</b>                      | RMB                 |
|   |             | <u><b>(87.2) cents</b></u>      | <u>(26.6) cents</u> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

|  | <b>30 June<br/>2024</b> | 31 December<br>2023 |
|--|-------------------------|---------------------|
|  | <b>(Unaudited)</b>      | <b>(Audited)</b>    |
| <i>Note</i>  | <b>RMB'000</b>          | <b>RMB'000</b>      |
| <b>NON-CURRENT ASSETS</b>                                |                         |                     |
| Property and equipment                                   | 705,331                 | 725,257             |
| Investment properties                                    | 29,497,894              | 33,880,100          |
| Intangible asset   | 2,403                   | 2,486               |
| Properties under development                             | 6,408,834               | 8,625,734           |
| Contract in progress                                     | 153,627                 | 153,627             |
| Investments in joint ventures                            | 2,643,080               | 3,118,969           |
| Investments in associates                                | 895,025                 | 864,167             |
| Prepayments and other assets                             | 690,545                 | 705,926             |
| Deferred tax assets                                      | 884,051                 | 1,150,968           |
|  | <b>41,880,790</b>       | <b>49,227,234</b>   |
| <b>CURRENT ASSETS</b>                                    |                         |                     |
| Properties under development                             | 68,525,555              | 83,747,682          |
| Completed properties held for sale                       | 9,921,501               | 6,253,504           |
| Trade receivables  | 10 321,828              | 198,330             |
| Prepayments, other receivables and other assets          | 12,551,872              | 15,062,723          |
| Financial assets at fair value<br>through profit or loss | 201,518                 | 344,135             |
| Due from related parties                                 | 3,216,204               | 4,065,231           |
| Prepaid income tax                                       | 2,240,465               | 2,541,922           |
| Restricted cash  | 1,360,257               | 1,564,401           |
| Cash and cash equivalents                                | 3,287,574               | 4,884,525           |
|  | <b>101,626,774</b>      | <b>118,662,453</b>  |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

30 June 2024

|  |             | 30 June<br>2024<br>(Unaudited)<br><i>RMB'000</i> | 31 December<br>2023<br>(Audited)<br><i>RMB'000</i> |
|--|-------------|--|--|
|  | <i>Note</i> |  |  |
| <b>CURRENT LIABILITIES</b>                         |             |  |  |
| Trade and bills payables                           | 11          | 14,193,558                                       | 11,650,518   |
| Other payables and accruals                        |             | 8,605,606  | 8,807,854  |
| Contract liabilities                               |             | 59,063,616                                       | 80,838,861   |
| Interest-bearing bank and other borrowings         |             | 12,534,422                                       | 9,817,976  |
| Senior notes and domestic bonds                    |             | 13,504,964                                       | 13,613,559   |
| Due to related parties                             |             | 2,631,648  | 2,588,416  |
| Tax payable  |             | 4,445,457  | 4,215,624  |
|  |             | <hr/>  | <hr/>  |
| Total current liabilities                          |             | 114,979,271                                      | 131,532,808  |
|  |             | <hr/>  | <hr/>  |
| <b>NET CURRENT LIABILITIES</b>                     |             | <b>(13,352,497)</b>                              | <b>(12,870,355)</b>                                |
|  |             | <hr/>  | <hr/>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>       |             | <b>28,528,293</b>                                | <b>36,356,879</b>                                  |
|  |             | <hr/>  | <hr/>  |
| <b>NON-CURRENT LIABILITIES</b>                     |             |  |  |
| Interest-bearing bank and other borrowings         |             | 7,774,289  | 10,275,584   |
| Senior notes and domestic bonds                    |             | 2,706,019  | 2,200,000  |
| Lease liabilities                                  |             | 2,921  | 6,381  |
| Deferred tax liabilities                           |             | 2,846,755  | 3,303,940  |
| Provision for major overhauls                      |             | 94,052   | 88,648   |
|  |             | <hr/>  | <hr/>  |
| Total non-current liabilities                      |             | 13,424,036                                       | 15,874,553   |
|  |             | <hr/>  | <hr/>  |
| Net assets   |             | 15,104,257                                       | 20,482,326   |
|  |             | <hr/> <hr/>                                      | <hr/> <hr/>  |
| <b>EQUITY</b>                                      |             |  |  |
| <b>Equity attributable to owners of the parent</b> |             |  |  |
| Issued capital                                     |             | 365,138  | 365,138  |
| Reserves   |             | 5,133,538  | 9,358,611  |
|  |             | <hr/>  | <hr/>  |
|  |             | 5,498,676  | 9,723,749  |
| <b>Non-controlling interests</b>                   |             | <b>9,605,581</b>                                 | <b>10,758,577</b>                                  |
|  |             | <hr/>  | <hr/>  |
| Total equity                                       |             | 15,104,257                                       | 20,482,326   |
|  |             | <hr/> <hr/>                                      | <hr/> <hr/>  |

## NOTES:

### 1. BASIS OF PREPARATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The principal activities of the Group are described in note 3 below.

These unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of Appendix D2 (formerly known as Appendix 16) to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).

These 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.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs and the change in accounting policy as disclosed in note 2 below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Going concern basis**

The Group recorded a loss attributable to owners of the parent of approximately RMB3.682 billion for the period ended 30 June 2024. As at 30 June 2024, the interest-bearing bank and other borrowings, senior notes and domestic bonds of the Group amounted to approximately RMB36.520 billion, while its cash and cash equivalents amounted to approximately RMB3.288 billion. In October 2023, the Company did not make payment on an instalment of principal and interest amounting to approximately US\$61 million which had fallen due under its syndicated loan agreement entered into on 22 March 2021 (the “**Event**”). The Event has resulted in events of default pursuant to the respective terms and conditions of the Group’s offshore senior notes and offshore interest-bearing bank and other borrowings. As at 30 June 2024, the Group’s defaulted or cross-defaulted principal of offshore senior notes and offshore interest-bearing bank and other borrowings amounted to approximately RMB17.8 billion.

The above conditions indicate the existence of a material uncertainty which casts significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, certain plans and measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but not limited to, the following:

- (a) The financial adviser appointed by the Company will assist in evaluating the Group's current capital structure and liquidity and exploring a holistic solution to managing the Group's overall offshore indebtedness in order to ease the prevailing liquidity pressure faced by the Group;
- (b) The Company will continue to communicate proactively with its offshore creditors, especially noteholders and banks, to identify possible debt restructuring plans;
- (c) The Group will continue to seek re-financing or extension of its existing bank and other borrowings and secure new sources of financing;
- (d) The Group will timely adjust its sales strategy to accelerate pre-sales and sales of properties and speed up collection of sales proceeds; and
- (e) The Group will continue to search for potential buyers for disposal of certain investment properties and non-core businesses in order to generate additional cash inflows.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2024. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited interim consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. In the opinion of the Directors whether the Group will be able to continue as a going concern would mainly depend upon the following:

- (a) successfully completing the holistic restructuring of its offshore indebtedness;
- (b) successfully negotiating with banks and financial institutions on the re-financing or extension of its bank and other borrowings and securing new sources of financing;
- (c) successfully implementing sales strategy to accelerate pre-sales and sales of properties and speed up collection of sales proceeds; and
- (d) successfully disposing of certain investment properties and non-core businesses.

Should the Group be unable to achieve the abovementioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the unaudited interim consolidated financial statements.



## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the 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 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<br>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 businesses of property development, property investment, property management and project management. For management purposes, the property development and property investment businesses are monitored as one operating segment on a project basis to allocate resources and assess performance. For financial reporting purpose, the property management segment and the project management segment are combined with the property development and investment segment as their reported revenue, results and assets are less than 10% of the consolidated revenue, consolidated loss and consolidated assets of the Group.

The Group's revenue from external customers from each product or service is set out in note 4 below.

The Group's revenue from external customers is derived solely from its operations in the People's Republic of China (the "PRC"), and the non-current assets of the Group are substantially located in the PRC.

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

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

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

|   | <b>Six months ended 30 June</b> |             |
|---|---------------------------------|-------------|
|   | <b>2024</b>                     | 2023        |
|   | <b>(Unaudited)</b>              | (Unaudited) |
|   | <b>RMB'000</b>                  | RMB'000     |
| <b>Revenue from contracts with customers</b>                        |                                 |             |
| Sales of properties   | 23,925,857                      | 8,609,731   |
| Property management fees  | 603,302                         | 552,071     |
| Project management income   | 21,848                          | 56,552      |
|   | <hr/>                           | <hr/>       |
| Subtotal  | 24,551,007                      | 9,218,354   |
|   | <hr/>                           | <hr/>       |
| <b>Revenue from other sources</b>                                   |                                 |             |
| Gross rental income from investment<br>property operating leases:   |                                 |             |
| Variable lease payments that do not<br>depend on an index or a rate | 15,033                          | 11,789      |
| Other lease payments, including fixed payments                      | 250,492                         | 251,728     |
|   | <hr/>                           | <hr/>       |
| Subtotal  | 265,525                         | 263,517     |
|   | <hr/>                           | <hr/>       |
| Total revenue   | 24,816,532                      | 9,481,871   |
|   | <hr/> <hr/>                     | <hr/> <hr/> |

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

|  | <b>Six months ended 30 June</b>      |                               |
|--|--------------------------------------|-------------------------------|
|  | <b>2024</b>                          | 2023                          |
|  | <b>(Unaudited)</b><br><b>RMB'000</b> | (Unaudited)<br><b>RMB'000</b> |
| <b>Other income and gains</b>                            |                                      |                               |
| Bank interest income                                     | 18,379                               | 64,239                        |
| Consultancy service income                               | 15,673                               | 4,424                         |
| Forfeiture income on deposits received                   | 708                                  | –                             |
| Gain on disposal of items of property and equipment, net | 37                                   | 895                           |
| Gain on disposal of joint ventures, net                  | 972                                  | –                             |
| Foreign exchange difference, net                         | 127,186                              | 133,935                       |
| Government grants  | 9,512                                | 18,672                        |
| Others   | 29,083                               | 169,278                       |
|  | <u>201,550</u>                       | <u>391,443</u>                |
| Total other income and gains                             | <u>201,550</u>                       | <u>391,443</u>                |

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

|  | <b>Six months ended 30 June</b>      |                               |
|--|--------------------------------------|-------------------------------|
|  | <b>2024</b>                          | 2023                          |
|  | <b>(Unaudited)</b><br><b>RMB'000</b> | (Unaudited)<br><b>RMB'000</b> |
| Interest on bank and other borrowings,<br>senior notes and domestic bonds                            | 1,350,657                            | 1,506,745                     |
| Interest on lease liabilities  | 482                                  | 825                           |
| Increase in a discounted amount of provision<br>for major overhauls arising from the passage of time | 2,211                                | 1,975                         |
|  | <u>1,353,350</u>                     | <u>1,509,545</u>              |
| Total interest expense on financial liabilities<br>not at fair value through profit or loss          | <u>1,353,350</u>                     | 1,509,545                     |
| Less: Interest capitalised   | <u>(491,966)</u>                     | <u>(1,055,653)</u>            |
| Total  | <u>861,384</u>                       | <u>453,892</u>                |

## 6. LOSS BEFORE TAX

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

|  | Six months ended 30 June |                |
|--|--------------------------|----------------|
|  | 2024                     | 2023           |
|  | (Unaudited)              | (Unaudited)    |
|  | RMB'000                  | RMB'000        |
|  |                          | (Restated)     |
| Cost of properties sold  | 19,864,405               | 7,402,033      |
| Cost of services provided  | 492,062                  | 438,366        |
| Depreciation of property and equipment   | 31,363                   | 34,962         |
| Depreciation of right-of-use assets  | 4,333                    | 9,490          |
| Amortisation of an intangible asset  | 83                       | 83             |
| Lease payments not included<br>in the measurement of lease liabilities           | 271                      | 436            |
| Employee benefit expenses<br>(including directors' remuneration):                |                          |                |
| Salaries and other staff costs   | 303,793                  | 390,858        |
| Pension scheme contributions   | 44,668                   | 63,408         |
| Less: Amount capitalised   | (68,223)                 | (121,359)      |
|  | <u>280,238</u>           | <u>332,907</u> |
| Fair value loss on financial assets<br>at fair value through profit or loss, net | 35,617                   | 14,582         |
| Foreign exchange differences, net  | (127,186)                | (133,935)      |
| Loss on disposal of investment properties  | 1,086                    | 47,099         |
| Impairment losses recognised on<br>investments in joint ventures                 | 521,294                  | –              |
| Impairment losses recognised on<br>amounts due from related parties              | 439,842                  | –              |
| Loss/(gain) on disposal of joint ventures, net                                   | <u>(972)</u>             | <u>138,909</u> |

## 7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2023: Nil). Taxes on profits assessable in Chinese Mainland have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2024<br>(Unaudited)<br>RMB'000 | 2023<br>(Unaudited)<br>RMB'000 |
| Current charge for the period:              |                                |                                |
| PRC corporate income tax                    | 532,338                        | 267,190                        |
| PRC land appreciation tax                   | 279,035                        | 164,611                        |
| Under/(over)-provision in prior years, net: |                                |                                |
| Chinese Mainland                            | 75,332                         | (59,869)                       |
|   | <u>886,705</u>                 | <u>371,932</u>                 |
| Deferred tax credited for the period        | <u>(190,268)</u>               | <u>(400,896)</u>               |
| Total tax charge/(credit) for the period    | <u><u>696,437</u></u>          | <u><u>(28,964)</u></u>         |

## 8. DIVIDENDS

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. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 4,222,986,126 (six months ended 30 June 2023: 4,222,986,126) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2024 and for the six months ended 30 June 2023 in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic loss per share amount presented.

## 10. TRADE RECEIVABLES

The Group's trade receivables arise from the sales of properties, leasing of investment properties and provision of property management services.

Consideration in respect of the sales of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services. The Group generally grants a rent-free period of three months to the lessees of the Group's investment properties, extending up to six months for major customers.

Since the Group's trade receivables are related 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 receivables balances. All trade receivables are non-interest-bearing.

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

|                    | <b>30 June<br/>2024<br/>(Unaudited)<br/>RMB'000</b> | 31 December<br>2023<br>(Audited)<br>RMB'000 |
|--------------------|---|---|
| Current to 90 days | <b>155,105</b>                                      | 113,710                                     |
| 91 to 180 days     | <b>58,865</b>                                       | 60,892                                      |
| 181 to 365 days    | <b>84,130</b>                                       | 20,956                                      |
| Over 365 days      | <b>23,728</b>                                       | 2,772                                       |
| Total              | <b>321,828</b>                                      | 198,330                                     |

## 11. TRADE AND BILLS PAYABLES

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

|               | <b>30 June<br/>2024<br/>(Unaudited)<br/>RMB'000</b> | 31 December<br>2023<br>(Audited)<br>RMB'000 |
|---------------|---|---|
| Within 1 year | <b>13,735,944</b>                                   | 11,103,591                                  |
| Over 1 year   | <b>457,614</b>                                      | 546,927                                     |
| Total         | <b>14,193,558</b>                                   | 11,650,518                                  |

The trade and bills payables are unsecured and non-interest-bearing and are normally settled based on the progress of construction.

## 12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MARKET REVIEW**

In the first half of 2024, the domestic real estate market continued its intensified adjustment, and sales continued to decline. In the face of the unfavourable environment in the real estate industry, the central and local governments continue to relax purchase restrictions and credit policies, aiming to stimulate the real estate transaction volumes. However, in the face of the current sluggish circumstances in the property market, homebuyers still mostly adopt a wait-and-see attitude. The market still needs more time to digest the relevant policies before it can break the bottoming out of the property market.

Data from the National Bureau of Statistics shows that in the first half of 2024, the sales amount of newly developed national commodity house was approximately RMB4,713.3 billion, representing a decline of 25.0% as compared with the same period last year, including a 26.9% decrease in residential housing sales. The sales area of newly developed national commodity house was approximately 479 million sq.m., representing a decline of 19.0% as compared with the same period last year, including a 21.9% decrease in residential housing sales area.

### **BUSINESS REVIEW**

#### **Contracted Sales**

For the six months ended 30 June 2024, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB6.131 billion, including the contracted sales amount of approximately RMB0.813 billion by the joint ventures and associates, and the contracted sales area of approximately 0.68 million sq.m., including the contracted sales area of approximately 0.10 million sq.m. by the joint ventures and associates, representing a year-on-year significant decrease of approximately 69.5% and 57.2%, respectively. The average selling price of properties during the period was RMB9,028 per sq.m.

Experiencing the unfavourable environment of the real estate market, the Group has always adhered to its original intention and forged ahead, increasing its effort for property launching to alleviate the pressure on the capital chain. In the first half of the year, the Group focused on projects in first- and second-tier cities, leveraged in-depth understanding of each city along with flexible pricing strategies, fine-tuned the prices of key projects to ensure their pricing remains competitive in the market. Meanwhile, the Group made proper arrangements for projects in third- and fourth-tier cities and liquidised its inventories to improve sell-through rates. In addition, the Group continuously optimised the customer payment policy with the ultimate goal of accelerating the collection cycle, thereby ensuring liquidity of the Group.

In the first half of 2024, the Group together with its joint ventures and associates had an aggregate of over 80 projects for sale in over 50 cities, mainly in second-tier cities and core areas of third- and fourth-tier cities.

The contracted sales realised by the Group together with its joint ventures and associates during the period are set out below:

*By City*

| <b>City</b>  | <b>Contracted<br/>Sales Amount<br/>(RMB Million)</b> | <b>Contracted<br/>Sales Area<br/>(sq.m.)</b> | <b>Percentage of<br/>Contracted<br/>Sales Amount<br/>(%)</b> |
|--------------|--|--|--|
| Hangzhou     | 1,501  | 115,001                                      | 24.5   |
| Beijing      | 452  | 14,862                                       | 7.4  |
| Nanjing      | 326  | 34,832                                       | 5.3  |
| Suzhou       | 312  | 35,727                                       | 5.1  |
| Quanzhou     | 251  | 30,599                                       | 4.1  |
| Shangrao     | 244  | 36,908                                       | 4.0  |
| Tianjin      | 225  | 15,208                                       | 3.7  |
| Chongqing    | 213  | 35,287                                       | 3.5  |
| Chengdu      | 200  | 14,474                                       | 3.3  |
| Lincang      | 183  | 17,356                                       | 3.0  |
| Shantou      | 168  | 14,630                                       | 2.7  |
| Kunming      | 163  | 21,325                                       | 2.7  |
| Pingdingshan | 150  | 17,702                                       | 2.4  |
| Shangqiu     | 146  | 24,154                                       | 2.4  |
| Chizhou      | 132  | 19,724                                       | 2.1  |
| Jieyang      | 116  | 18,421                                       | 1.9  |
| Zhumadian    | 100  | 19,538                                       | 1.6  |
| Other        | 1,249  | 193,427                                      | 20.3   |
| <b>Total</b> | <b>6,131</b>   | <b>679,175</b>                               | <b>100.0</b>   |



*By Region*

| <b>Region</b>                                 | <b>Contracted<br/>Sales Amount<br/>(RMB Million)</b> | <b>Contracted<br/>Sales Area<br/>(sq.m.)</b> | <b>Percentage of<br/>Contracted<br/>Sales Amount<br/>(%)</b> |
|---|--|--|--|
| Yangtze River Delta Economic Zone             | 2,638  | 247,823                                      | 43.0   |
| Central Western Region                        | 1,425  | 204,101                                      | 23.3   |
| Bohai Rim Economic Zone                       | 973  | 78,129                                       | 15.9   |
| West Taiwan Strait Economic Zone              | 640  | 88,940                                       | 10.4   |
| Guangdong-Hong Kong-Macao<br>Greater Bay Area | 455  | 60,182                                       | 7.4  |
| <b>Total</b>                                  | <b>6,131</b>   | <b>679,175</b>                               | <b>100.0</b>   |

*By City Tier*

| <b>City Tier</b>              | <b>Contracted<br/>Sales Amount<br/>(RMB Million)</b> | <b>Contracted<br/>Sales Area<br/>(sq.m.)</b> | <b>Percentage of<br/>Contracted<br/>Sales Amount<br/>(%)</b> |
|-------------------------------|--|--|--|
| First-tier cities             | 492  | 23,221                                       | 8.0  |
| Second-tier cities            | 3,184  | 299,942                                      | 51.9   |
| Third- and fourth-tier cities | 2,455  | 356,012                                      | 40.1   |
| <b>Total</b>                  | <b>6,131</b>   | <b>679,175</b>                               | <b>100.0</b>   |

From the perspective of city distribution, contracted sales in Hangzhou have been the most remarkable among the first- and second-tier cities, amounting to approximately RMB1.501 billion. With respect to the regional level, due to the popularity of Woven City in Hangzhou, Yangtze River Delta Economic Zone ranked first in terms of contracted sales among all regions, with the contracted sales amounting to approximately RMB2.638 billion accounting for approximately 43.0% of the total contracted sales amount.

## **Land Bank**

As at 30 June 2024, the Group together with its joint ventures and associates had a land bank with an aggregate planned gross floor area (“GFA”) of approximately 26.30 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 21.93 million sq.m.), distributing in 56 cities. From the perspective of geographic distribution, the land bank costs (excluding investment properties) of the Group together with its joint ventures and associates located in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the West Taiwan Strait Economic Zone, the Guangdong-Hong Kong-Macao Greater Bay Area and the Central Western Region accounted for 32.5%, 24.2%, 17.9%, 9.6% and 15.8%, respectively, of the total land bank costs (excluding investment properties). Considering the tiers of cities, the land bank costs (excluding investment properties) of the Group together with its joint ventures and associates located in first-tier cities, second-tier cities as well as third- and fourth-tier cities accounted for 13.0%, 52.7% and 34.3%, respectively, of the total land bank costs (excluding investment properties).

## **Investment Properties**

As at 30 June 2024, the Group together with its joint ventures and associates held 53 investment properties with a total GFA of approximately 3.88 million sq.m. (attributable GFA of approximately 3.46 million sq.m.), of which 29 investment properties had commenced operation. The Group together with its joint ventures and associates have investment properties in 26 cities, including Beijing, Shanghai, Xiamen, Hangzhou and Suzhou, among others, with its business covering shopping malls, long-term rental apartments, offices, commercial streets and shops.

## **OUTLOOK**

Looking ahead to the second half of 2024, the market will still need more time to digest the relevant real estate stimulus policies. The central and local governments are expected to introduce more supportive policies to “Stabilise the Market and Reduce Inventory”, stimulating a steady increase in transaction volumes. Nevertheless, real estate companies still need to strive for self-improvement and adjust their policies to cope with the current downturn in the real estate market.

The Group will focus on “Ensuring Delivery, Operations and Assets” for the second half of the year. In the residential development sector, the Group will adjust the operational pace, deeply research more tailored and feasible marketing strategies, strengthen close coordination between construction progress and marketing strategies, and boost customer confidence. In addition, the Group will strengthen in-depth communication with local governments and financial institutions, actively seek multi-party support, and explore multiple channels to alleviate cashflow pressure, ensuring asset value and security. Finally, the Group will more thoroughly understand the changes of customer needs, develop targeted design solutions, strengthen project supervision processes, ensure engineering quality, and maintain a good customer reputation. In the “Two Wings” business segment, the Group needs to thoroughly study the current situation and focus on high-quality services, leveraging differentiated competitive advantages to enhance asset value and investment returns. The Fuzhou SCE Funworld and Huaqiao SCE Funworld, which are expected to commence operation in the fourth quarter of this year, will further strengthen the Group’s asset portfolio and provide a more stable income source.

In the face of adversity, only by confronting it bravely can one overcome. It is always the choice of the employees of China SCE to keep hope and perseverance. In 2023, China SCE weathered numerous storms and an extremely arduous journey. It will still be stormy in 2024, but the Group strongly believes that China’s economy still has strong resilience, and the demand in the real estate market still exists. In the future, the Group will steadfastly fulfil its task of “Ensuring Delivery”, and wait for the gradual emergence of the policy effects on the financing and demand sides to face challenges and move forward.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue of the Group is mainly derived from sales of properties, property management fees, rental income and project management income.

The revenue increased significantly by 161.7% from approximately RMB9,481,871,000 in the first half of 2023 to approximately RMB24,816,532,000 in the first half of 2024, which was attributable to the increase in property sales income.

- *Sales of properties*

Income from property sales increased significantly by 177.9% from approximately RMB8,609,731,000 in the first half of 2023 to approximately RMB23,925,857,000 in the first half of 2024. Increase in income from property sales is primarily attributable to the increase in the area of properties delivered and average unit selling price. Delivered property area increased significantly by 62.2% from 933,050 sq.m. in the first half of 2023 to 1,513,368 sq.m. in the first half of 2024. The average unit selling price increased significantly from RMB9,228 per sq.m. in the first half of 2023 to RMB15,810 per sq.m. in the first half of 2024.

- *Property management fees*

Property management fees increased by 9.3% from approximately RMB552,071,000 in the first half of 2023 to approximately RMB603,302,000 in the first half of 2024, which was mainly attributable to the increase in the number and floor area of properties under management.

- *Rental income*

Rental income increased slightly by 0.8% from approximately RMB263,517,000 in the first half of 2023 to approximately RMB265,525,000 in the first half of 2024.

- *Project management income*

The project management income decreased significantly by 61.4% from approximately RMB56,552,000 in the first half of 2023 to approximately RMB21,848,000 in the first half of 2024, which was attributable to the decrease in income from the project management service and other property related services provided to joint ventures and associates.

## **Gross Profit**

Gross profit increased significantly by 171.7% from approximately RMB1,641,389,000 in the first half of 2023 to approximately RMB4,459,982,000 in the first half of 2024. Gross profit margin increased from 17.3% in the first half of 2023 to 18.0% in the first half of 2024.

### **Changes in Fair Value of Investment Properties, Net**

Fair value losses of investment properties increased significantly by 158.3% from approximately RMB1,195,744,000 in the first half of 2023 to approximately RMB3,088,113,000 in the first half of 2024. The increase in the fair value losses were mainly attributable to the value depreciation of certain shopping malls of SCE Funworld, long-term rental apartments and offices in Beijing, Shanghai, Quanzhou and Suzhou.

### **Selling and Marketing Expenses**

Selling and marketing expenses decreased significantly by 33.1% from approximately RMB591,170,000 in the first half of 2023 to approximately RMB395,676,000 in the first half of 2024. Such decrease was primarily driven by the decrease in the number of projects for sale during the period.

### **Administrative Expenses**

Administrative expenses decreased by 11.0% from approximately RMB705,255,000 in the first half of 2023 to approximately RMB627,537,000 in the first half of 2024. The decrease in administrative expenses was mainly attributable to the implementation of stringent cost control measures.

### **Other Expenses**

During the first half of 2024, other expenses was approximately RMB961,136,000, which were attributable to the impairment losses for investments in joint ventures and amount due from related parties.

### **Finance Costs**

Finance costs increased significantly by 89.8% from approximately RMB453,892,000 in first half of 2023 to approximately RMB861,384,000 in first half of 2024. The increase in finance costs mainly resulted from higher borrowing costs which have not been capitalised as certain borrowings were not used for project developments.

## Income Tax Credit/(Expense)

Income tax changed from income tax credit of approximately RMB28,964,000 in the first half of 2023 to income tax expense of approximately RMB696,437,000 in the first half of 2024. Income tax expense during the period was mainly attributable to the increase in provision of income tax expense as a result of the significant increase in revenue recognised in the first half of 2024.

## Loss Attributable to Owners of the Parent

Loss attributable to owners of the parent increased significantly by 227.3% from approximately RMB1,124,981,000 in the first half of 2023 to approximately RMB3,682,268,000 in the first half of 2024. The increase in loss attributable to owners of the parent for the period was mainly attributable to the increase in fair value losses of investment properties and write down to net realisable value of completed properties held for sale and properties under development.

## 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:

|                              | <b>30 June<br/>2024</b> | 31 December<br>2023 |
|------------------------------|-------------------------|---------------------|
|                              | <b><i>RMB'000</i></b>   | <i>RMB'000</i>      |
| Renminbi                     | <b>4,619,724</b>        | 6,405,803           |
| Hong Kong dollars            | <b>11,497</b>           | 26,673              |
| US dollars                   | <b>16,610</b>           | 16,450              |
|                              | <hr/>                   | <hr/>               |
| Total cash and bank balances | <b><u>4,647,831</u></b> | <u>6,448,926</u>    |

According to the relevant laws and regulations of the PRC, certain property development companies of the Group are required to place certain amounts of cash and bank deposits into designated bank accounts to provide guarantees for the development of the relevant properties. As at 30 June 2024, the amount of restricted cash was approximately RMB1,360,257,000 (31 December 2023: approximately RMB1,564,401,000).

## Borrowings

The maturity profile of the borrowings of the Group as at 30 June 2024 was as follows:

|  | <b>30 June<br/>2024</b>  | 31 December<br>2023 |
|--|--------------------------|---------------------|
|  | <i>RMB'000</i>           | <i>RMB'000</i>      |
| Bank and other borrowings:             |                          |                     |
| Within one year or on demand           | <b>12,534,422</b>        | 9,817,976           |
| In the second year                     | <b>4,650,600</b>         | 6,347,705           |
| In the third to fifth years, inclusive | <b>1,871,762</b>         | 2,576,084           |
| Beyond fifth years                     | <b>1,251,927</b>         | 1,351,795           |
|  | <u><b>20,308,711</b></u> | <u>20,093,560</u>   |
| Senior notes and domestic bonds:       |                          |                     |
| Within one year or on demand           | <b>13,504,964</b>        | 13,613,559          |
| In the second year                     | <b>1,500,000</b>         | –                   |
| In the third to fifth years, inclusive | <b>1,206,019</b>         | 2,200,000           |
|  | <u><b>16,210,983</b></u> | <u>15,813,559</u>   |
| Total borrowings                       | <u><b>36,519,694</b></u> | <u>35,907,119</u>   |

The borrowings were denominated in different currencies as set out below:

|                                  | <b>30 June<br/>2024</b>  | 31 December<br>2023 |
|----------------------------------|--------------------------|---------------------|
|                                  | <i>RMB'000</i>           | <i>RMB'000</i>      |
| Bank and other borrowings:       |                          |                     |
| Renminbi                         | <b>15,484,783</b>        | 15,378,120          |
| Hong Kong dollars                | <b>1,170,929</b>         | 1,147,471           |
| US dollars                       | <b>3,652,999</b>         | 3,567,969           |
|                                  | <u><b>20,308,711</b></u> | <u>20,093,560</u>   |
| Senior notes and domestic bonds: |                          |                     |
| Renminbi                         | <b>3,270,688</b>         | 3,270,688           |
| US dollars                       | <b>12,940,295</b>        | 12,542,871          |
|                                  | <u><b>16,210,983</b></u> | <u>15,813,559</u>   |
| Total borrowings                 | <u><b>36,519,694</b></u> | <u>35,907,119</u>   |

## **Gearing Ratio**

The net gearing ratio was calculated by dividing the net debt (including bank and other borrowings, senior notes and domestic bonds after deduction of cash and cash equivalents and restricted cash) by total equity. As at 30 June 2024, the net gearing ratio was approximately 211.0% (31 December 2023: 143.8%).

## **Exchange Rate Fluctuation Exposures**

The Group's businesses are located in the PRC and substantially all of the Group's revenue and operating expenses are denominated in RMB. The majority of the Group's assets and liabilities are denominated in RMB. As at 30 June 2024, except for certain bank deposits, financial assets at fair value through profit or loss, bank and other borrowings and senior notes, 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. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

## **CORPORATE GOVERNANCE**

During the six months ended 30 June 2024, save as disclosed below, the Company and the Board had been in compliance with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules.

Under provision C.2.1 in of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the period under review, Mr. Wong Chiu Yeung performed his duties as both the chairman and the chief executive officer of the Company. The Board believes that the same individual serving as chairman and chief executive officer is beneficial to the consistency and efficiency in execution of business plans and decision-making of the Company.



## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

According to the provision of the CG Code, the Company established the audit committee (the “**Audit Committee**”) on 6 January 2010. Under Rule 3.21 of the Listing Rules, the audit committee of issuers must comprise non-executive directors only. The Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman, and Mr. Dai Yiyi and Mr. Mao Zhenhua as members.

Mr. Ting Leung Huel Stephen, 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.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024.

## **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 Directors and all Directors have confirmed that they have strictly complied with the Model Code during the period under review.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities during six months ended 30 June 2024.

## **INTERIM 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).

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

This interim results announcement is published on the websites of the Company ([www.sce-re.com](http://www.sce-re.com)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://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 Hong Kong Stock Exchange in due course.

By order of the Board  
**China SCE Group Holdings Limited**  
**Wong Chiu Yeung**  
*Chairman*

Hong Kong, 29 August 2024

*As at the date of this announcement, the executive Directors are Mr. Wong Chiu Yeung, Mr. Chen Yuanlai, Mr. Cheng Hiu Lok, Mr. Huang Youquan and Mr. Wong Lun, and the independent non-executive Directors are Mr. Ting Leung Huel Stephen, Mr. Dai Yiyi and Mr. Mao Zhenhua.*