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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)

**ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 31 DECEMBER 2020**

FINANCIAL HIGHLIGHTS

- Contracted sales amount increased by approximately 26.1% to approximately RMB101,537,070,000.
- Revenue increased by approximately 52.4% to approximately RMB32,572,605,000.
- Gross profit margin was 24.1%.
- Profit for the year increased by 10.5% to approximately RMB4,445,626,000.
- Profit attributable to owners of the parent increased by approximately 8.4% to approximately RMB3,803,238,000.
- Core profit attributable to owners of the parent¹ increased by approximately 26.6% to approximately RMB3,354,057,000.
- Net gearing ratio was approximately 59.2% as at 31 December 2020.
- The Board proposed to declare a final dividend of HK18 cents per ordinary share.

¹ It represents profit attributable to owners of the parent excluding the post-tax net changes in fair value of investment properties of subsidiaries and joint ventures, premium paid on early redemption of senior notes, fair value gain and interest expenses of derivative financial instruments — transactions not qualifying as hedges, net fair value gain or loss of financial assets at fair value through profit or loss, gain on disposal of financial assets at fair value through profit or loss, net gain or loss on disposal of subsidiaries, a joint venture and associates, equity-settled share option expenses, impairment of investment in associates and loss on forfeiture of a deposit.

The board (the “**Board**”) of directors (the “**Directors**”) of China SCE Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
REVENUE	5	32,572,605	21,369,802
Cost of sales		<u>(24,708,788)</u>	<u>(15,477,931)</u>
Gross profit		7,863,817	5,891,871
Other income and gains	5	1,252,155	1,155,838
Changes in fair value of investment properties, net		596,565	1,404,861
Selling and marketing expenses		(758,913)	(516,031)
Administrative expenses		(2,094,020)	(1,616,310)
Other expenses		(255,414)	(92,243)
Finance costs	6	(682,775)	(528,142)
Share of profits and losses of:			
Joint ventures		607,657	181,599
Associates		33,975	(27,168)
PROFIT BEFORE TAX	7	6,563,047	5,854,275
Income tax expense	8	(2,117,421)	(1,830,809)
PROFIT FOR THE YEAR		<u>4,445,626</u>	<u>4,023,466</u>
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of joint ventures		10,981	(97)
Share of other comprehensive income of associates		32	8
Exchange differences on translation of foreign operations		1,219,091	(307,848)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<u>1,230,104</u>	<u>(307,937)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>1,230,104</u>	<u>(307,937)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,675,730</u>	<u>3,715,529</u>

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

Year ended 31 December 2020

	<i>Note</i>	2020 RMB'000	2019 <i>RMB'000</i>
Profit attributable to:			
Owners of the parent		3,803,238	3,510,045
Holders of perpetual capital instruments		–	35,408
Non-controlling interests		642,388	478,013
		4,445,626	4,023,466
Total comprehensive income attributable to:			
Owners of the parent		4,957,948	3,229,686
Holders of perpetual capital instruments		–	35,408
Non-controlling interests		717,782	450,435
		5,675,730	3,715,529
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>10</i>		
Basic		RMB90.6 cents	RMB84.9 cents
Diluted		RMB89.1 cents	RMB83.4 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property and equipment		827,345	827,422
Investment properties		29,329,219	22,631,743
Intangible asset		2,986	3,153
Properties under development		9,852,502	13,248,794
Contract in progress		345,518	343,244
Investments in joint ventures		13,741,153	8,863,038
Investments in associates		899,806	1,036,532
Prepayments and other assets		3,107,817	4,969,729
Deferred tax assets		981,237	714,805
Total non-current assets		59,087,583	52,638,460
CURRENT ASSETS			
Properties under development		64,671,346	49,136,052
Completed properties held for sale		7,775,568	8,021,749
Trade receivables	11	241,493	782,142
Prepayments, other receivables and other assets		9,398,292	8,449,634
Financial assets at fair value through profit or loss		816,687	665,070
Due from related parties		3,512,370	4,379,165
Prepaid income tax		1,711,340	1,411,122
Restricted cash		4,305,393	4,297,558
Pledged deposits		679,283	450,253
Cash and cash equivalents		18,415,066	19,150,849
Total current assets		111,526,838	96,743,594
CURRENT LIABILITIES			
Trade and bills payables	12	11,806,110	14,959,698
Other payables and accruals		13,811,236	12,433,555
Contract liabilities		45,695,562	34,902,065
Interest-bearing bank and other borrowings		9,390,257	8,858,490
Senior notes and domestic bonds		4,449,796	3,436,692
Due to related parties		5,346,192	7,505,159
Tax payable		3,554,757	2,953,045
Total current liabilities		94,053,910	85,048,704

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*31 December 2020*

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
NET CURRENT ASSETS	17,472,928	11,694,890
TOTAL ASSETS LESS CURRENT LIABILITIES	76,560,511	64,333,350
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	16,285,355	12,401,766
Senior notes and domestic bonds	16,437,468	17,380,134
Lease liabilities	279,697	186,421
Deferred tax liabilities	4,344,758	4,026,165
Provision for major overhauls	60,619	52,677
Total non-current liabilities	37,407,897	34,047,163
Net assets	39,152,614	30,286,187
EQUITY		
Equity attributable to owners of the parent		
Issued capital	365,064	361,497
Reserves	20,633,339	17,217,513
	20,998,403	17,579,010
Non-controlling interests	18,154,211	12,707,177
Total equity	39,152,614	30,286,187

NOTES:

1. CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at 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 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 Group was principally engaged in property development, property investment, property management and project management in the PRC during the year.

In the opinion of the Directors, the ultimate holding company of the Company is Newup Holdings Limited, which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value.

The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has fully assessed and adopted, to the extent that is relevant to the Group, *the Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>COVID-19-related Rent Concessions</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of *the Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any significant impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendments did not have any significant impact on the financial position and performance of the Group.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

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

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the 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 purposes, the property management segment and project management segment are combined with the property development and investment segment as its reported revenue, reported results and assets are less than 10% of the consolidated revenue, consolidated profit and consolidated assets of the Group.

The Group’s revenue from external customers from each product or service is set out in note 5 below.

The Group’s revenue from external customers is derived solely from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

During the years ended 31 December 2020 and 31 December 2019, no revenue from transactions with a single external customer amounted to 10% or more of the Group’s total revenue.

5. REVENUE, OTHER INCOME AND GAINS

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue from contracts with customers		
Sales of properties	31,553,911	20,452,820
Property management fees	531,790	458,066
Project management income	171,867	174,313
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	4,386	17,269
Other lease payments, including fixed payments	310,651	267,334
	<u>32,572,605</u>	<u>21,369,802</u>
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Other income and gains		
Bank interest income	190,897	206,298
Consultancy services income	220,084	66,809
Interest income on amounts due from joint ventures	68,352	118,922
Forfeiture income on deposits received	28,782	15,522
Gain on disposal of items of property and equipment, net	593	251
Fair value gain of derivative financial instruments		
— transactions not qualifying as hedges	—	26,843
Fair value gain on financial assets at fair value through profit or loss	199,663	—
Fair value gain on remeasurement of investments in joint ventures	159,575	47,023
Gain on bargain purchase	33,673	564,349
Gain on deemed acquisition of a subsidiary	35,031	—
Gain on disposal of subsidiaries, net	—	17,217
Gain on disposal of a joint venture	—	14,046
Gain on disposal of associates	2,000	—
Gain on disposal of investment properties	16,268	—
Gain on disposal of financial assets at fair value through profit or loss	2,316	—
Foreign exchange differences, net	31,160	—
Government grants	106,166	23,552
Others	157,595	55,006
	<u>1,252,155</u>	<u>1,155,838</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 <i>RMB'000</i>
Interests on bank and other borrowings, senior notes and domestic bonds	3,226,193	2,920,220
Interest on lease liabilities	22,346	19,774
Increase in a discounted amount of provision for major overhauls arising from the passage of time	2,724	2,372
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Total interest expense on financial liabilities not at fair value through profit or loss	3,251,263	2,942,366
Less: Interest capitalised	(2,568,488)	(2,414,224)
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	682,775	528,142
	<hr/>	<hr/>

7. PROFIT BEFORE TAX

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

	2020 RMB'000	2019 <i>RMB'000</i>
Cost of properties sold	24,172,885	15,249,000
Cost of services provided	535,736	228,765
Depreciation of property and equipment	53,732	47,957
Depreciation of right-of-use assets	55,454	47,898
Amortisation of an intangible asset	167	166
Provision for major overhauls	5,710	5,465
Lease payments not included in the measurement of lease liabilities	5,444	4,412
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	830	615
Auditor's remuneration	5,192	4,870
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	1,444,200	1,090,625
Equity-settled share option expense	21,429	93,776
Pension scheme contributions	134,625	195,395
Less: Amount capitalised	(342,778)	(287,885)
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	1,257,476	1,091,911
	<hr/>	<hr/>

	2020 RMB'000	2019 <i>RMB'000</i>
Premium paid on early redemption of senior notes	38,624	59,820
Foreign exchange differences, net	(31,160)	16,450
Fair value loss/(gain) of financial assets at fair value through profit or loss, net	(199,663)	6,088
Loss/(gain) on disposal of subsidiaries, net	216,790	(17,217)
Write down to net realisable value of completed properties held for sale	32,493	39,035
Write down to net realisable value of properties under development	194,515	–
Impairment of investments in associates	–	32,423
	<u>–</u>	<u>32,423</u>

8. INCOME TAX

Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate. 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 year (2019: Nil).

	2020 RMB'000	2019 <i>RMB'000</i>
Current charge for the year:		
PRC corporate income tax	1,688,796	1,215,624
PRC land appreciation tax	529,056	387,840
Under/(over)-provision in prior years, net:		
Mainland China	34,671	(6,970)
	2,252,523	1,596,494
Deferred tax charged/(credited) for the year	(135,102)	234,315
Total tax charge for the year	2,117,421	1,830,809

9. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interim — HK11 cents (2019: HK10 cents) per ordinary share	393,870	362,770
Proposed final — HK18 cents (2019: HK14 cents) per ordinary share	639,983	523,436
	<u>1,033,853</u>	<u>886,206</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 4,196,013,161 (2019: 4,134,224,457) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculations	<u>3,803,238</u>	<u>3,510,045</u>
	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	4,196,013,161	4,134,224,457
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>74,453,336</u>	<u>73,602,653</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<u>4,270,466,497</u>	<u>4,207,827,110</u>

11. 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 receivable 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:

	2020 RMB'000	2019 RMB'000
Current to 90 days	212,531	697,530
91 to 180 days	16,761	76,036
181 to 365 days	2,944	123
Over 365 days	9,257	8,453
	241,493	782,142

The financial impact of ECLs for trade receivables was insignificant for the years ended 31 December 2020 and 31 December 2019.

12. 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:

	2020 RMB'000	2019 RMB'000
Within 1 year	11,540,147	14,702,354
Over 1 year	265,963	257,344
	11,806,110	14,959,698

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2020, it has been a challenging year for the global economy due to the impact of COVID-19. In the first half of 2020, in order to mitigate the impact of COVID-19 on China's economy, the central government implemented counter-cyclical adjustment measures, adopting proactive fiscal policy and flexible and appropriate monetary policy, and lowered the deposit reserve and interest rates several times to maintain abundant liquidity in the market. At the same time, local governments introduced more policies to support the property sector, which released the pent-up demand. In the second quarter, the price and quantity of properties in popular cities rose in tandem. In the third quarter, in order to prevent financial risks in the property sector, the regulatory authorities introduced the "Three Red Lines" policy to tighten the loan growth of property developers. In order to relieve the pressure of capital, property developers accelerated the pace of property sales in the fourth quarter to speed up the return of capital.

Throughout 2020, the transaction volume and average selling price of commodity housing in the PRC took a moderate upward trend. According to the "National Real Estate Development and Sales in January to December 2020" (《2020年1-12月全國房地產開發投資和銷售情況》) issued by the National Bureau of Statistics of the PRC, the sales amount of national commodity housing amounted to approximately RMB17,361.3 billion in 2020, representing a year-on-year increase of 8.7%, of which the sales amount of residential housing increased by 10.8% as compared with that of last year. The sales area of national commodity housing amounted to approximately 1.76 billion sq.m. in 2020, representing an increase of 2.6% as compared with that of last year, of which the sales area of residential housing increased by 3.2% year-on-year.

BUSINESS REVIEW

Contracted Sales

In 2020, the Group together with its joint ventures and associates outperformed its annual sales target of RMB93.0 billion and achieved a record-high contracted sales amount reaching approximately RMB101.537 billion (including the contracted sales amount of approximately RMB46.093 billion from the joint ventures and associates) and contracted sales area of approximately 7.37 million sq.m. (including the contracted sales area of approximately 2.63 million sq.m. from the joint ventures and associates) for the year, representing an increase of approximately 26.1% and 16.5% as compared with that of last year, respectively.

In 2020, the Group together with its joint ventures and associates had an aggregate of over 150 projects for sale in 54 cities, mainly in second-tier, third-tier and fourth-tier cities in the PRC. Among these projects, 37 projects were newly launched during the year, details of which are listed as follows:

City	Project Name
Zhangzhou	Cloudview Palace
Zhangzhou	Parkview Palace
Heyuan	Parkview Mount
Shanwei	Century Palace
Jieyang	Parkview Mount
Jieyang	Cloudview Palace
Huizhou	Royal Palace
Xiamen	The Regent
Xiamen	The Skyland
Shangrao	Cloudview Terrace
Nanchang	Parkview Mount
Beijing	Cloudview Terrace
Tianjin	Gratifying Bay
Shangqiu	Imperial Manor
Zhengzhou	Imperial Manor
Pingdingshan	Imperial Manor
Xuchang	Parkview Mount
Tongchuan	Parkview Mount
Qingdao	Parkview Palace
Qingdao	Royal Manor
Weifang	Parkview Mount
Taizhou (泰州)	Parkview Mount
Chizhou	Imperial Manor
Lishui	Mansion Park
Yiwu	Cloudview Palace
Suzhou	Parkview Mount
Zhangjiagang	Imperial Manor
Shanghai	Imperial Manor
Jiaxing	Parkview Palace
Shanghai	GALAFUN
Foshan	Royal Terrace
Xiangtan	Imperial Manor
Shaoguan	Royal Bay
Hangzhou	China Chic
Taizhou (台州)	Powerlong Plaza
Suqian	Sky Mansion
Jiangmen	Unique Mansion

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

By City

City	Contracted Sales Area (sq.m.)	Contracted Sales Amount (RMB Million)	Percentage of Contracted Sales Amount (%)
Beijing	187,537	6,510	6.4
Shanghai	113,223	2,517	2.5
Chongqing	653,514	5,356	5.3
Tianjin	279,377	3,767	3.7
Nanjing	252,436	5,253	5.2
Hangzhou	116,419	2,786	2.7
Suzhou	192,386	4,308	4.2
Xiamen	346,727	18,352	18.1
Kunming	538,101	5,436	5.4
Jinan	198,387	2,493	2.5
Wuxi	185,506	2,751	2.7
Quanzhou	648,151	5,328	5.2
Xuzhou	364,936	3,729	3.7
Lishui	183,841	3,253	3.2
Taizhou (台州)	145,676	2,950	2.9
Other	2,961,557	26,748	26.3
Total	7,367,774	101,537	100.0

From the perspective of distribution among cities, contracted sales in Xiamen, Kunming and Chongqing have been the most remarkable among the second-tier cities, amounting to approximately RMB18.352 billion, RMB5.436 billion and RMB5.356 billion respectively. Xiamen set a new record for the Group's contracted sales in a single city, accounting for 18.1% of the total contracted sales in 2020. According to the "2020 Sale Rankings of Commodity Housings among Xiamen's Real Estate Enterprises" (《2020年度廈門房企商品房銷售排行榜》) released by E-House Enterprise Group CRIC, the Group continued to rank second in Xiamen in terms of the contracted sales amount. Contracted sales in Quanzhou have been the most remarkable among the third-tier cities, with contracted sales amounting to approximately RMB5.328 billion, accounting for approximately 5.2% of the total contracted sales amount.

By Region

Region	Contracted Sales Area (sq.m.)	Contracted Sales Amount (RMB Million)	Percentage of Contracted Sales Amount (%)
Bohai Rim Economic Zone	881,662	14,336	14.1
West Taiwan Strait Economic Zone	1,528,666	27,942	27.5
Guangdong-Hong Kong-Macao Greater Bay Area	443,610	4,764	4.7
Yangtze River Delta Economic Zone	2,557,613	38,398	37.8
Central Western Region	1,956,223	16,097	15.9
Total	7,367,774	101,537	100.0

Contracted sales in the Yangtze River Delta Economic Zone and the West Taiwan Strait Economic Zone were approximately RMB38.398 billion and RMB27.942 billion respectively, accounting for approximately 37.8% and 27.5% respectively, and continued to be the two regions with the largest contracted sales for the Group and its joint ventures and associates. Due to the positive results of further development in the Yangtze River Delta Economic Zone and the launch of several new projects in Shanghai, Hangzhou, Suzhou and Lishui during the year, which were well received by customers, contracted sales in the regions continued to reach new highs. Contracted sales in the West Taiwan Strait Economic Zone benefited from the contracted sales contribution from a number of new projects in Xiamen Island, including The Regent and The Skyland.

By City Tier

City Tier	Contracted Sales Area (sq.m.)	Contracted Sales Amount (RMB Million)	Percentage of Contracted Sales Amount (%)
First-tier cities	310,858	9,318	9.2
Second-tier cities	3,282,313	57,306	56.4
Third- and fourth-tier cities	3,774,603	34,913	34.4
Total	7,367,774	101,537	100.0

From the perspective of city tier, the contracted sales amounts of the Group together with its joint ventures and associates in the second-tier and third- and fourth-tier cities continued to achieve a record-high, being RMB57.306 billion and RMB34.913 billion respectively, contributing approximately 56.4% and 34.4% of the total contract sales amount respectively.

Recognised Property Sales Income

In 2020, the Group achieved recognised property sales income of approximately RMB31.554 billion and area of properties delivered of approximately 3.25 million sq.m., representing a year-on-year increase of approximately 54.3% and approximately 77.0% respectively. The average selling price of properties was approximately RMB9,712 per sq.m., representing a year-on-year decrease of approximately 12.8%. Details of the Group's recognised property sales income are as follows:

By City

City	Recognised Property Sales Area (sq.m.)	Recognised Property Sales Income (RMB Million)	Percentage of Recognised Property Sales Income (%)
Shenzhen	48,622	1,490	4.7
Shanghai	32,062	964	3.1
Xiamen	102,995	6,166	19.6
Kunming	237,331	1,688	5.3
Tianjin	148,443	1,485	4.7
Ningbo	67,163	1,239	3.9
Chongqing	189,053	954	3.0
Nanchang	117,462	889	2.8
Jinan	71,434	740	2.4
Quanzhou	763,244	6,204	19.7
Xuzhou	444,064	3,393	10.8
Dezhou	162,315	1,120	3.5
Shangqiu	199,855	1,160	3.7
Shangrao	112,195	733	2.3
Luoyang	158,585	729	2.3
Other	394,105	2,600	8.2
Total	3,248,928	31,554	100.0

By Region

Region	Recognised Property Sales Area (sq.m.)	Recognised Property Sales Income (RMB Million)	Percentage of Recognised Property Sales Income (%)
Bohai Rim Economic Zone	472,842	3,868	12.2
West Taiwan Strait Economic Zone	1,215,412	14,680	46.5
Guangdong-Hong Kong-Macao Greater Bay Area	89,576	1,860	5.9
Yangtze River Delta Economic Zone	686,275	6,615	21.0
Central Western Region	784,823	4,531	14.4
Total	3,248,928	31,554	100.0

By City Tier

City Tier	Recognised Property Sales Area (sq.m.)	Recognised Property Sales Income (RMB Million)	Percentage of Recognised Property Sales Income (%)
First-tier cities	80,953	2,490	7.9
Second-tier cities	834,926	7,061	22.4
Third- and fourth-tier cities	2,333,049	22,003	69.7
Total	3,248,928	31,554	100.0

Land Bank

As at 31 December 2020, the Group together with its joint ventures and associates had a land bank with an aggregate planned GFA of approximately 37.68 million sq.m., of which the aggregate planned GFA attributable to the Group was approximately 25.66 million sq.m. and distributed in 62 cities. In 2020, the Group together with its joint ventures and associates acquired 38 projects in total, distributed in 25 cities, including Shanghai, Chongqing, Suzhou, Zhengzhou, Xiamen, Fuzhou, Kunming, Quanzhou, Nantong and Weifang etc., among which 14 cities were new. Under the development strategies of “One Body Two Wings” (一體兩翼), the “100 Cities Plan” of the Group was accelerated in 2020 with a total of 14 new shopping malls of World City. In 2020, the Group together with its joint ventures and associates added an aggregate above-ground GFA of approximately 10.75 million sq.m., at an aggregate land

costs of approximately RMB40.550 billion, with the attributable land cost being approximately RMB32.281 billion. The average land cost was approximately RMB3,772 per sq.m. The new land acquisitions in 2020 were as follows:

City	Project	Type of Property	Above-ground GFA (sq.m.)	Land Cost (RMB Million)	Average Land Cost (RMB per sq.m.)	Percentage of Interest Attributable to the Group (%)
Bohai Rim Economic Zone						
Weifang	Funworld	Commercial	97,634	67	682	97%
Weifang	Parkview Mount	Residential	293,868	309	1,050	97%
Weifang	Parkview Mount (Zhucheng)	Residential	74,948	94	1,261	100%
Weifang	Parkview Mount (Zhucheng)	Residential	146,124	177	1,210	100%
Weihai	Imperial Manor	Residential	188,490	348	1,845	100%
Yangtze River Delta Economic Zone						
Shanghai	Imperial Manor	Residential and commercial	108,322	1,323	12,214	70%
Suzhou	Funworld/Imperial Manor	Residential and commercial	337,939	1,734	5,130	100%
Nantong	Funworld/Parkview Mount	Residential and commercial	265,635	920	3,464	100%
Xuzhou	Lake Manor	Residential and commercial	222,105	627	2,822	54%
Zhangjiagang	Funworld/Imperial Manor	Residential and commercial	324,797	748	2,304	90%
Chizhou	Funworld/Imperial Mount	Residential and commercial	369,510	572	1,548	100%
West Taiwan Strait Economic Zone						
Xiamen	The Skyland	Residential and commercial	210,000	10,355	49,310	62%
Xiamen	Glory Sky	Residential	65,357	3,300	50,492	75%
Fuzhou	Funworld/Imperial Manor	Residential and commercial	330,062	4,560	13,816	99%
Quanzhou	Mansion	Residential	145,002	546	3,765	27%
Quanzhou	Imperial Palace	Residential	79,115	250	3,160	70%
Quanzhou	Imperial Terrace	Residential	101,575	400	3,938	100%
Quanzhou	Cloudview Palace	Residential	94,652	1,560	16,481	80%
Quanzhou	One Mansion	Residential	117,026	1,820	15,552	20%
Shangrao	Funworld/Parkview Mount	Residential and commercial	413,633	618	1,493	100%
Longyan	Imperial Manor	Residential	127,563	380	2,981	100%

City	Project	Type of Property	Above-ground GFA (sq.m.)	Land Cost (RMB Million)	Average Land Cost (RMB per sq.m.)	Percentage of Interest Attributable to the Group (%)
Guangdong-Hong Kong-Macao Greater Bay Area						
Jieyang	Funworld/Parkview Mount	Residential and commercial	501,874	690	1,375	53%
Jieyang	Cloudview Palace	Residential	147,497	450	3,051	94%
Meizhou	Royal Bay	Residential	94,135	205	2,179	100%
Meizhou	Royal Bay	Residential	92,978	153	1,645	100%
Meizhou	Funworld/Parkview Mount	Residential and commercial	603,766	1,387	2,297	100%
Shaoguan	Royal Bay	Residential	457,612	900	1,968	100%
Shaoguan	Funworld/Parkview Mount	Residential and commercial	563,457	776	1,377	100%
Central Western Region						
Chongqing	Funworld/Parkview Mount	Residential and commercial	775,142	960	1,238	100%
Zhengzhou	Cloudview Palace	Residential	136,447	198	1,450	99%
Kunming	Cloud Valley	Residential	209,297	131	627	70%
Xiangtan	Funworld/Imperial Manor	Residential and commercial	741,812	1,321	1,780	100%
Zhumadian	Funworld/Parkview Mount	Residential and commercial	755,975	1,125	1,488	98%
Xuchang	Parkview Mount	Residential	167,188	221	1,322	97%
Xuchang	Imperial Manor	Residential	195,199	260	1,334	97%
Zhaotong	Parkview Mount	Residential	187,463	204	1,088	80%
Lincang	Parkview Mount	Residential and commercial	210,000	247	1,175	100%
Tongchuan	Funworld/Parkview Mount	Residential and commercial	797,433	614	770	98%
			<u>10,750,632</u>	<u>40,550</u>	<u>3,772</u>	

Outlook

As the COVID-19 vaccination begins in various countries, the global economy will slowly recover, which will be beneficial to the performance of the domestic real estate market. However, under the central government's emphasis on "No Speculation of Residential Properties", any irrational speculation in the market would be effectively controlled and the Group believes that the property market will maintain a stable and healthy development in 2021.

In 2020, China SCE's contracted sales amount exceeded RMB100 billion, symbolising the Group's entry into a new era. As the real estate industry has entered an era of intense competition, the Group has been determined in implementing the development strategy of "One Body Two Wings" to secure land acquisition and business operation. The Group will continue to explore the five major regions, taking the operating results and cash flow as the guide for direction, leveraging project management and marketing as two major strategies, and with the promotion of project operation efficiency, consolidate as one and expand the two wings.

Through department store operation and digital operation of shopping malls, the Group will realise and continuously enhance its commercial operation capability, in order to provide a solid foundation for the Group's sustainable and reliable rental and property management income. The Group's commercial management and residential property management businesses have already established a certain scale and the Group aims to spin off such businesses for listing in 2021, providing a longer-term foundation for the sustainable development of the commercial management and residential management segments.

FINANCIAL REVIEW

Revenue

The Group mainly derives its revenue from sales of properties, property management fees, rental income and project management income.

The annual revenue increased significantly by approximately 52.4% from approximately RMB21,369,802,000 in 2019 to approximately RMB32,572,605,000 in 2020, which was attributable to the increase in property sales income.

- *Sales of properties*

Income from property sales increased significantly by approximately 54.3% from approximately RMB20,452,820,000 in 2019 to approximately RMB31,553,911,000 in 2020. Delivered area increased significantly by approximately 77.0% from 1,835,458 sq.m. in 2019 to 3,248,928 sq.m. in 2020. The average unit selling price decreased from approximately RMB11,143 per sq.m. in 2019 to approximately RMB9,712 per sq.m. in 2020.

- *Property management fees*

Property management fees increased by approximately 16.1% from approximately RMB458,066,000 in 2019 to approximately RMB531,790,000 in 2020, which was mainly attributable to the increase in number and floor area of properties under management.

- *Rental income*

Rental income increased by approximately 10.7% from approximately RMB284,603,000 in 2019 to approximately RMB315,037,000 in 2020, which was mainly attributable to the increase in rental income of the office buildings of SCE Plaza in Shanghai and the shopping mall of World City in Nan'an.

- *Project management income*

The project management income decreased by approximately 1.4% from approximately RMB174,313,000 in 2019 to approximately RMB171,867,000 in 2020, which was attributable to the decrease in project management service and other property related service income provided to joint ventures.

Gross Profit

Gross profit increased significantly by approximately 33.5% from approximately RMB5,891,871,000 in 2019 to approximately RMB7,863,817,000 in 2020. Gross profit margin decreased from approximately 27.6% in 2019 to approximately 24.1% in 2020. The decrease in gross profit margin was attributable to the impact on average unit selling price of projects as result of price restriction policy.

Changes in Fair Value of Investment Properties

The fair value gains of investment properties decreased significantly by approximately 57.5% from approximately RMB1,404,861,000 in 2019 to approximately RMB596,565,000 in 2020. The fair value gains of investment properties during the year were mainly attributable to the value appreciations of certain shopping malls.

Selling and Marketing Expenses

Selling and marketing expenses increased significantly by approximately 47.1% from approximately RMB516,031,000 in 2019 to approximately RMB758,913,000 in 2020. The increase in selling and marketing expenses was mainly attributable to the significant increase in the number of projects for sale during the year.

Administrative Expenses

Administrative expenses increased by approximately 29.6% from approximately RMB1,616,310,000 in 2019 to approximately RMB2,094,020,000 in 2020. The increase in administrative expenses was mainly attributable to the increase in administrative staff costs to cope with the needs for business expansion.

Finance Costs

Finance costs increased by approximately 29.3% from approximately RMB528,142,000 in 2019 to approximately RMB682,775,000 in 2020. Finance costs mainly represented partial borrowing costs which have not been capitalised as certain borrowings were not used for project developments. Due to the increase in bank and other borrowings (including senior notes and domestic bonds), total interest expense increased by approximately 10.5% from approximately RMB2,942,366,000 in 2019 to approximately RMB3,251,263,000 in 2020.

Share of Profits and Losses of Joint Ventures and Associates

Share of profits of joint ventures and associates increased significantly by approximately 315.5% from approximately RMB154,431,000 in 2019 to approximately RMB641,632,000 in 2020. The increase was mainly attributable to the significant increase in delivery of some projects of joint ventures.

Income Tax Expense

Income tax expense increased by approximately 15.7% from approximately RMB1,830,809,000 in 2019 to approximately RMB2,117,421,000 in 2020. The increase in income tax expense was mainly due to more provision for corporate income tax and land appreciation tax made as a result of increase in income from property sales.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent increased by approximately 8.4% from approximately RMB3,510,045,000 in 2019 to approximately RMB3,803,238,000 in 2020. Basic earnings per share amounted to approximately RMB90.6 cents in 2020. Core profit attributable to owners of the parent increased by approximately 26.6% from approximately RMB2,650,332,000 in 2019 to approximately RMB3,354,057,000 in 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Renminbi	21,222,705	20,974,502
Hong Kong dollars	385,287	1,837,305
US dollars	1,791,750	1,086,853
	<u>23,399,742</u>	<u>23,898,660</u>
Total cash and bank balances	<u>23,399,742</u>	<u>23,898,660</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. The Group also places certain deposits in banks in the PRC to secure certain bills issued from banks in the PRC. As at 31 December 2020, the amounts of restricted cash and pledged deposits were approximately RMB4,305,393,000 (31 December 2019: approximately RMB4,297,558,000) and approximately RMB679,283,000 (31 December 2019: approximately RMB450,253,000), respectively.

Borrowings

The maturity profile of the borrowings of the Group as at 31 December 2020 is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Bank and other borrowings:		
Within one year or on demand	9,390,257	8,858,490
In the second year	4,734,566	6,529,786
In the third to fifth years, inclusive	10,177,554	4,761,871
Beyond fifth year	1,373,235	1,110,109
	<u>25,675,612</u>	<u>21,260,256</u>
Senior notes and domestic bonds:		
Within one year or on demand	4,449,796	3,436,692
In the second year	6,709,909	7,574,832
In the third to fifth years, inclusive	9,727,559	9,805,302
	<u>20,887,264</u>	<u>20,816,826</u>
Total borrowings	<u>46,562,876</u>	<u>42,077,082</u>

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Bank and other borrowings:		
Renminbi	20,896,946	17,846,768
Hong Kong dollars	3,214,046	3,351,778
US dollars	1,564,620	61,710
	<u>25,675,612</u>	<u>21,260,256</u>
Senior notes and domestic bonds:		
Renminbi	4,000,000	3,976,692
US dollars	16,887,264	16,840,134
	<u>20,887,264</u>	<u>20,816,826</u>
Total borrowings	<u><u>46,562,876</u></u>	<u><u>42,077,082</u></u>

Gearing Ratio

The net gearing ratio was calculated by dividing the net amount of borrowings (including bank and other borrowings, senior notes and domestic bonds after deduction of cash and cash equivalents, restricted cash and pledged deposits) by total equity. As at 31 December 2020, the net gearing ratio was approximately 59.2% (31 December 2019: 60.0%).

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 31 December 2020, 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 31 December 2020. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2020, the Group had a total of 9,414 employees (31 December 2019: 7,592 employees). During the year, the total cost of employees was approximately RMB1,600,254,000 (2019: approximately RMB1,379,796,000). The Group provides employees with competitive remuneration and benefits and has adopted share option schemes to provide incentives and rewards to, among others, the employees. The Group reviews the employee remuneration plan at least annually to ensure that it maintains market competitiveness and allows the employees to receive fair and equal rewards. The promotion decision is also based on considering the employees' assessment results, experience, skills and personal characteristics. In addition, the Group has established China SCE College to provide employees with three types of training programs, namely business courses, quality skills and cultural identity. The Group has launched its management trainee programme since 2011 for positions in selected functional areas in order to build pipeline for succession.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**Annual General Meeting**”) of the Company will be held on Friday, 11 June 2021. Notice of the Annual General Meeting will be published and dispatched in accordance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in due course.

DIVIDEND

The Board has proposed the payment of a final dividend of HK18 cents per ordinary share for the year ended 31 December 2020. The proposed final dividend, subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting, will be paid on or around Friday, 9 July 2021 to the shareholders whose names appear on the register of members of the Company on Wednesday, 30 June 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (a) for the purpose of determining shareholders who are entitled to attend and vote at the Annual General Meeting to be held on Friday, 11 June 2021, the register of members of the Company will be closed from Tuesday, 8 June 2021 to Friday, 11 June 2021, both days inclusive, during which no transfer of shares can be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents should be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 7 June 2021; and

- (b) for the purpose of determining shareholders who are qualified for the proposed final dividend, subject to the approval by the shareholders of the Company at the forthcoming Annual General Meeting, the register of members of the Company will be closed from Tuesday, 29 June 2021 to Wednesday, 30 June 2021. In order to qualify for the proposed final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 28 June 2021.

AUDIT COMMITTEE

The Company established an audit committee of the Board (the “**Audit Committee**”) on 6 January 2010 in compliance with rule 3.21 of the Listing Rules. The Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman, and Mr. Lu Hong Te and Mr. Dai Yiyi as members. Mr. Ting Leung Huel Stephen, the 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 accounting policies adopted by the Group, the consolidated financial statements of the Group for the year ended 31 December 2020 and this annual results announcement.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes to the consolidated financial statements thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Company's external auditor, Ernst & Young (“**EY**”), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by EY on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2020.

CORPORATE GOVERNANCE

During the year ended 31 December 2020, save as disclosed below, the Company and the Board have been in compliance with the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules:

Under Paragraph A.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 year, Mr. Wong Chiu Yeung performed his duties as both the chairman and the chief executive officer of the Company. The Board believes that the serving by the same individual as chairman and chief executive officer during the rapid development of the business is beneficial to the consistency and efficiency in execution of business plans and decision-making of the Company.

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

This results announcement of the Company for the year ended 31 December 2020 is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at www.sce-re.com.

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

Hong Kong, China, 30 March 2021

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. Lu Hong Te and Mr. Dai Yiyi.