Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中駿集团

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 2022

FINANCIAL HIGHLIGHTS

- Contracted sales amount was approximately RMB59,023,096,000.
- Revenue was approximately RMB26,705,112,000.
- Gross profit margin was approximately 16.6%.
- Profit attributable to owners of the parent was approximately RMB24,544,000.
- Cash and bank balances was approximately RMB15,016,058,000 as at 31 December 2022.
- Net gearing ratio was approximately 79.6% as at 31 December 2022.

The board (the "**Board**") of directors (the "**Directors**") of China SCE Group Holdings Limited (the "**Company**" or "**China SCE**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
REVENUE	*5*	**26,705,112**	37,737,447
Cost of sales		**(22,284,779)**	(29,563,825)
Gross profit		**4,420,333**	8,173,622
Other income and gains	*5*	**820,387**	769,663
Changes in fair value of investment properties, net		**(25,422)**	223,071
Selling and marketing expenses		**(1,239,106)**	(1,039,303)
Administrative expenses		**(1,781,374)**	(2,056,594)
Other expenses		**–**	(149,251)
Finance costs	*6*	**(921,124)**	(825,919)
Share of profits and losses of:			
Joint ventures		**(434,972)**	570,209
Associates		**(19,294)**	70,427
PROFIT BEFORE TAX	*7*	**819,428**	5,735,925
Income tax expense	*8*	**(1,020,120)**	(2,067,114)
PROFIT/(LOSS) FOR THE YEAR		**(200,692)**	3,668,811

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
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	**7,865**	(3,368)
Share of other comprehensive income of associates	**–**	26
Exchange differences on translation of foreign operations	**(1,630,309)**	494,563
Exchange fluctuation reserve released upon disposal of subsidiaries	**(31,372)**	–
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**(1,653,816)**	491,221
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(1,653,816)**	491,221
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(1,854,508)**	4,160,032

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
Year ended 31 December 2022

	Note	**2022** **_RMB'000_**	2021 *RMB'000*
Profit/(loss) attributable to:			
Owners of the parent		**24,544**	3,070,022
Non-controlling interests		**(225,236)**	598,789
		(200,692)	3,668,811
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(1,550,790)**	3,537,055
Non-controlling interests		**(303,718)**	622,977
		(1,854,508)	4,160,032
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**RMB0.6 cents**	RMB72.7 cents
Diluted		**RMB0.6 cents**	RMB72.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	2022 *RMB'000*	2021 *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**775,742**	839,847
Investment properties		**39,216,242**	34,050,031
Intangible asset		**2,653**	2,819
Properties under development		**10,169,792**	9,437,268
Contract in progress		**129,132**	349,184
Investments in joint ventures		**7,247,429**	8,864,225
Investments in associates		**1,251,635**	1,155,530
Prepayments and other assets		**814,465**	906,061
Deferred tax assets		**1,173,522**	1,068,631
Total non-current assets		**60,780,612**	56,673,596
CURRENT ASSETS			
Properties under development		**92,717,968**	90,011,728
Completed properties held for sale		**4,797,777**	8,135,339
Trade receivables	*11*	**466,350**	537,961
Prepayments, other receivables and other assets		**13,315,135**	10,934,736
Financial assets at fair value through profit or loss		**431,973**	1,294,023
Due from related parties		**3,914,425**	5,041,561
Prepaid income tax		**2,523,770**	2,378,173
Restricted cash		**3,866,093**	4,273,708
Pledged deposits		**2,031,012**	54,574
Cash and cash equivalents		**9,118,953**	15,677,587
Total current assets		**133,183,456**	138,339,390

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
31 December 2022

	Note	2022 RMB'000	2021 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	12	**10,821,534**	14,782,300
Other payables and accruals		**9,186,882**	11,233,481
Contract liabilities		**82,443,359**	64,441,542
Interest-bearing bank and other borrowings		**10,742,959**	8,689,342
Senior notes and domestic bonds		**3,959,846**	6,618,778
Due to related parties		**2,583,308**	2,612,018
Tax payable		**3,913,001**	4,482,246
Total current liabilities		**123,650,889**	112,859,707
NET CURRENT ASSETS		**9,532,567**	25,479,683
TOTAL ASSETS LESS CURRENT LIABILITIES		**70,313,179**	82,153,279
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**16,252,153**	20,833,380
Senior notes and domestic bonds		**13,202,190**	14,056,834
Lease liabilities		**17,729**	281,029
Deferred tax liabilities		**4,137,252**	4,205,661
Provision for major overhauls		**78,614**	69,264
Total non-current liabilities		**33,687,938**	39,446,168
Net assets		**36,625,241**	42,707,111
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**365,138**	365,064
Reserves		**19,345,551**	21,421,296
		19,710,689	21,786,360
Non-controlling interests		**16,914,552**	20,920,751
Total equity		**36,625,241**	42,707,111

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, land development 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

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The Group has adopted the amendment on 1 January 2022. However, the Group did not received any COVID-19-related rent concessions and therefore the amendment did not have any impact on the financial position and performance of the Group.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

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

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

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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, land development 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, land development 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 2022 and 31 December 2021, 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:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of properties	**24,739,180**	36,154,258
Property management fees	**989,751**	895,682
Land development income	**201,893**	–
Project management income	**260,618**	234,225
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	**14,888**	6,859
Other lease payments, including fixed payments	**498,782**	446,423
	26,705,112	37,737,447

	2022	2021
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**118,906**	146,264
Consultancy service income	**19,057**	207,314
Interest income on amounts due from joint ventures	**23,073**	75,076
Forfeiture income on deposits received	**32,990**	30,707
Gain on disposal of items of property and equipment, net	**1,343**	36,394
Fair value gain on remeasurement of investments in joint ventures	**69,221**	71,269
Gain on bargain purchase, net	**38,578**	–
Gain on disposal of subsidiaries	**415,139**	–
Gain on disposal of associates	**4,745**	–
Gain on disposal of investment properties	**–**	35,966
Foreign exchange differences, net	**–**	29,573
Government grants	**54,964**	36,343
Others	**42,371**	100,757
	820,387	769,663

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	RMB'000	*RMB'000*
Interest on bank and other borrowings, senior notes and domestic bonds	**3,357,323**	3,327,947
Interest on lease liabilities	**20,162**	25,512
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**3,512**	3,103
Total interest expense on financial liabilities not at fair value through profit or loss	**3,380,997**	3,356,562
Less: Interest capitalised	**(2,459,873)**	(2,530,643)
	921,124	825,919

7. PROFIT BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Cost of properties sold	**21,173,548**	28,805,002
Cost of services provided	**1,111,065**	758,656
Depreciation of property and equipment	**70,896**	55,128
Depreciation of right-of-use assets	**58,451**	67,062
Amortisation of an intangible asset	**166**	167
Provision for major overhauls	**6,236**	5,967
Lease payments not included in the measurement of lease liabilities	**5,089**	4,943
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	**130**	247
Auditor's remuneration	**7,954**	7,884
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	**927,537**	1,428,678
Pension scheme contributions	**194,992**	244,710
Less: Amount capitalised	**(312,260)**	(431,362)
	810,269	1,242,026
Foreign exchange differences, net	**70,271**	(29,573)
Fair value loss on financial assets at fair value through profit or loss, net	**55,995**	97,481
Loss on disposal of financial assets at fair value through profit or loss	**–**	20,809
Loss/(gain) on disposal of subsidiaries, net	**(415,139)**	149,251
Loss/(gain) on disposal of investment properties, net	**442,020**	(35,966)
Write down to net realisable value of completed properties held for sale	**495,045**	234,884
Write down to net realisable value of properties under development	**494,930**	342,910

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 (2021: Nil).

	2022	2021
	RMB'000	*RMB'000*
Current charge for the year:		
PRC corporate income tax	**1,217,326**	2,125,003
PRC land appreciation tax	**99,356**	364,116
Over-provision in prior years, net:		
Mainland China	**–**	(173,108)
	1,316,682	2,316,011
Deferred tax credited for the year	**(296,562)**	(248,897)
Total tax charge for the year	**1,020,120**	2,067,114

9. DIVIDENDS

	2022	2021
	RMB'000	*RMB'000*
Interim — Nil (2021: HK12 cents per ordinary share)	**–**	421,436
Proposed final — Nil (2021: HK6 cents per ordinary share)	**–**	206,665
	–	628,101

The directors do not recommend the payment of any final dividend for the year ended 31 December 2022.

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 4,222,437,098 (2021: 4,222,133,380) in issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2022 in respect of a dilution as the impact of share options ontstanding had an anti-dilutive effect on the basic earnings per share amount presented.

The calculation of the diluted earnings per share amount is based on the profit for the year ended 31 December 2021 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 ended 31 December 2021, 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 basic and diluted earnings per share are based on:

	2022 *RMB'000*	2021 *RMB'000*
Earnings		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculations	**24,544**	3,070,022

	Number of shares 2022	 2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,222,437,098**	4,222,133,380
Effect of dilution — weighted average number of ordinary shares:		
Share options	**–**	27,511,460
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**4,222,437,098**	4,249,644,840

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:

	2022	2021
	RMB'000	*RMB'000*
Current to 90 days	**441,486**	484,234
91 to 180 days	**15,320**	38,079
181 to 365 days	**2,933**	6,247
Over 365 days	**6,611**	9,401
	466,350	537,961

The financial impact of ECLs for trade receivables was insignificant for the years ended 31 December 2022 and 31 December 2021.

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:

	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**10,409,743**	14,440,800
Over 1 year	**411,791**	341,500
	10,821,534	14,782,300

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 2022, inflation in Western countries such as the United States and Europe was the highest in 40 years, and the shift in monetary policy from extreme quantitative easing to aggressive increases in interest rates, along with the resurgence of the pandemic and geopolitical conflicts, have greatly increased the difficulty and uncertainty of economic recovery in China and the world. Also, with the frequent debt defaults of private real estate companies in the PRC, property purchasers are gradually less willing to purchase properties, most of them have adopted a wait-and-see attitude, hence, the sales volume of commodity housing in 2022 had a significant year-on-year decrease, the real estate in the PRC has experienced unprecedented challenges, and the whole real estate industry is in dire straits.

Since November 2022, the PRC government has proposed to support enterprises including private real estate companies to issue bonds for refinancing, and the People's Bank of China and the China Banking and Insurance Regulatory Commission have introduced 16 measures to allow real estate enterprises to extend their debts for one year in the hope of instilling confidence in the market. Even though local governments have been relaxing purchase restrictions, lowering down payment for the first property, lowering mortgage rates, offering subsidies and housing concessions to boost the housing demand, the fundamentals of the real estate market have yet to improve, and the confidence of property purchasers has yet to be restored, thus driving a return on sales. In 2022, the sales amount of national commodity house was approximately RMB13,330.8 billion, representing a decrease of 26.7% as compared with the same period last year, including a 28.3% year-on-year decline in residential housing sales; the sales area of national commodity house was approximately 1.36 billion sq.m., a decline of 24.3% as compared to the same period last year, including a 26.8% decrease in residential housing sales area as compared with the same period last year.

BUSINESS REVIEW

Contracted Sales

Over the past year, in the face of industry risks and the impact of the pandemic, the confidence of domestic property purchasers has plummeted and the volume of commodity housing transactions in major cities has slowed down significantly, with the country's commodity housing sales and sales area hitting the lowest in recent years. In the fourth quarter of 2022, although the relief efforts on the policy side continued to increase, they had not yet reached the market side and the property market was still in a stage of bottoming out. In 2022, the Group achieved contracted sales amounted to approximately RMB59.023 billion for the year, including contracted sales of approximately RMB12.377 billion by joint ventures and associates, and contracted sales area of approximately 4.91 million sq.m., including contracted sales area of approximately 1.08 million sq.m. by joint ventures and associates, representing a year-on-year decrease of approximately 43.5% and 34.2% respectively. The average property selling price during the year was RMB12,016 per sq.m.

In 2022, the Group together with its joint ventures and associates had an aggregate of over 120 projects for sale in over 50 cities, mainly in second-tier cities and core areas of high potential third- and fourth-tier cities. A number of large-scale properties located in first- and second-tier cities achieved remarkable contracted sales results, including Woven City in Hangzhou, The Cloudland in Beijing, Imperial Manor in Shanghai, Parkview Mount in Hefei and Imperial Manor in Fuzhou.

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 Amount** *(RMB Million)*	**Contracted Sales Area** *(sq.m.)*	**Percentage of Contracted Sales Amount** *(%)*
Hangzhou	11,127	400,035	18.9
Beijing	6,715	254,409	11.4
Quanzhou	4,669	425,424	7.9
Kunming	3,389	385,679	5.7
Nanjing	2,788	194,635	4.7
Shanghai	2,502	49,886	4.2
Hefei	2,473	146,962	4.2
Shangrao	2,312	379,640	3.9
Fuzhou	2,111	71,069	3.6
Suzhou	2,092	146,845	3.5
Shantou	1,956	171,013	3.3
Tianjin	1,517	139,714	2.6
Chongqing	1,444	238,981	2.4
Chizhou	1,155	159,412	2.0
Other	12,773	1,748,274	21.7
Total	59,023	4,911,978	100.0

By Region

Region	**Contracted Sales Amount** *(RMB Million)*	**Contracted Sales Area** *(sq.m.)*	**Percentage of Contracted Sales Amount** *(%)*
Yangtze River Delta Economic Zone	24,609	1,371,972	41.7
West Taiwan Strait Economic Zone	11,036	1,121,874	18.7
Bohai Rim Economic Zone	11,001	810,295	18.7
Central Western Region	7,220	984,914	12.2
Guangdong — Hong Kong — Macao Greater Bay Area	5,157	622,923	8.7
Total	59,023	4,911,978	100.0

By City Tier

City Tier	Contracted Sales Amount *(RMB Million)*	Contracted Sales Area *(sq.m.)*	Percentage of Contracted Sales Amount *(%)*
First-tier cities	9,219	304,421	15.6
Second-tier cities	31,103	2,189,867	52.7
Third- and fourth-tier cities	18,701	2,417,690	31.7
Total	59,023	4,911,978	100.0

From the perspective of city distribution, contracted sales in Hangzhou, Kunming and Nanjing have been the most remarkable among the second-tier cities, amounting to approximately RMB11.127 billion, RMB3.389 billion and RMB2.788 billion, respectively, bringing the Group good sales results in a difficult real estate market. In addition, contracted sales in Beijing and Quanzhou have been the most remarkable among the first- and third-tier cities, amounting to approximately RMB6.715 billion and RMB4.669 billion, respectively, accounting for approximately 11.4% and approximately 7.9% of the total contracted sales amount. As a result of the popular sales of Woven City in Hangzhou and the launch of a number of new properties by the Group in the Yangtze River Delta Economic Zone, this region has accounted for the largest share of contracted sales of the Group together with its joint ventures and associates, amounting to RMB24.609 billion or approximately 41.7% in 2022.

Investment Properties

As at 31 December 2022, the Group together with its joint ventures and associates held 53 investment properties with a total gross floor area of 4.01 million sq.m. (attributable gross floor area of approximately 3.66 million sq.m.), of which 27 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.

Land Bank

As a result of the continued sluggish contracted sales of commodity house and difficulties in financing in the capital market, land auctions remained sluggish in 2022, with most private real estate companies being absent from the land auction market, and the participation of state-owned, central enterprises and city construction investment companies are predominating. The Group believes that the weakness of private real estate enterprises' investment in the land auction market will not be reversed in the short run. In addition, the popularity of the land auction market in Beijing and Hangzhou indicates that there will be a growing divergence between the first-tier, famous second-tier and other cities.

In order to maintain sufficient liquidity, the Group suspended land acquisition in 2022. As at 31 December 2022, the Group together with its joint ventures and associates had a land bank with an aggregate planned GFA of approximately 33.87 million sq.m. (the aggregate planned GFA attributable to the Group was 26.68 million sq.m.), distributing in 60 cities. The existing land bank is expected to be available for the Group's development in the next two to three years. 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 36.2%, 20.8%, 22.5%, 8.4% and 12.1% respectively. 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 12.5%, 55.9% and 31.6% respectively.

OUTLOOK

Driven by urbanisation in China, real estate, a pillar industry of the national economy, experienced a boom yet extensive and unorderly expansion. Five years ago, as we recognised the business growth without quality is not sustainable, we developed the "One Body Two Wings" strategy for coordinated development, which helped build our competence in differentiation. Going forward, we will upgrade the strategy, focus more on core cities and regions where we have a competitive advantage, and tap further into the market, customers and products, so as to sharpen our competitiveness.

With the optimisation of China's real estate policies, the real estate industry is expected to operate on a brand-new model and embrace an era where customers and products are prioritised. Quality is fundamental to China SCE, we will focus more on customer demand, product research and development and creating values for customers, in pursuit of stronger competitive edges in the new market landscape.

Improving operational safety, building a cash flow and operating quality-oriented business model, maintaining financial prudence and self-discipline and driving sustainability will be what guide us forward; being led by corporate culture, reinforcing and improving the cognitive power of our management team, strengthening the competence of our organisation and building a competitive and reliable team on high consensus will be a new normal in our management. Through mutual reinforcement between operating ability and organisational ability, we will be more self-adaptive and self-driven, thus become better positioned for sustainable development to fulfil our centennial aspiration.

In terms of new businesses, we will seize more opportunities, develop the asset management model, reduce reliance on financing, and improve the coordination with properties. Guided by the philosophy of "Regional Focus, Coordination for Coexistence and Digital Empowerment", we will push for the coordinated operation with Funworld, enrich urban consumption and social scenarios and create a better life for customers.

As the real estate is bottoming out with favorable policies and the pandemic is fading away, private real estate enterprises are to embrace the dawn. 2023 will be a promising year, as China's economy will remain strong and the Chinese will be as eager to change their destiny as ever. China SCE has the courage to overcome difficulties and the ability to build a better future. All employees at China SCE are dedicated, determined, enterprising and resilient, we will work together to navigate through every cycle and usher into a new journey.

FINANCIAL REVIEW

Revenue

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

The annual revenue decreased by approximately 29.2% from approximately RMB37,737,447,000 in 2021 to approximately RMB26,705,112,000 in 2022, which was attributable to the decrease in revenue from sales of properties.

- *Sales of properties*

  Revenue from sales of properties decreased significantly by approximately 31.6% from approximately RMB36,154,258,000 in 2021 to approximately RMB24,739,180,000 in 2022. Delivered area decreased by approximately 22.0% from 3,300,131 sq.m. in 2021 to 2,574,884 sq.m. in 2022. The average unit selling price decreased from approximately RMB10,955 per sq.m. in 2021 to approximately RMB9,608 per sq.m. in 2022.

- *Property management fees*

  Property management fees increased by approximately 10.5% from approximately RMB895,682,000 in 2021 to approximately RMB989,751,000 in 2022, which was mainly attributable to the increase in the number and floor area of properties under management.

- *Rental income*

  Rental income increased by approximately 13.3% from approximately RMB453,282,000 in 2021 to approximately RMB513,670,000 in 2022, which was mainly attributable to the contribution of rental income from the newly opened shopping malls of SCE Funworld at the end of 2021.

- *Land development income*

  During 2022, the Group recognised land development income of approximately RMB201,893,000, which was the income from pre-construction and preparation work provided for certain land parcels in Nan'an, Quanzhou.

- *Project management income*

  The project management income increased by approximately 11.3% from approximately RMB234,225,000 in 2021 to approximately RMB260,618,000 in 2022, which was attributable to the increase in project management service and other property related service income provided to joint ventures and associates.

Gross Profit

Gross profit decreased significantly by approximately 45.9% from approximately RMB8,173,622,000 in 2021 to approximately RMB4,420,333,000 in 2022. Gross profit margin decreased from approximately 21.7% in 2021 to approximately 16.6% in 2022. The decrease in gross profit margin was attributable to declining property selling prices had resulted in lower gross profit margin and increase in provision of impairment for property projects.

Selling and Marketing Expenses

Selling and marketing expenses increased by approximately 19.2% from approximately RMB1,039,303,000 in 2021 to approximately RMB1,239,106,000 in 2022. Such increase was primarily driven by the increase of sales promotion during the epidemic.

Administrative Expenses

Administrative expenses decreased by approximately 13.4% from approximately RMB2,056,594,000 in 2021 to approximately RMB1,781,374,000 in 2022. The decrease in administrative expenses was mainly attributable to the implementation of stringent cost control and streamlined manpower structure.

Finance Costs

Finance costs increased by approximately 11.5% from approximately RMB825,919,000 in 2021 to approximately RMB921,124,000 in 2022. Finance costs mainly represented partial borrowing costs which have not been capitalised as certain borrowings were not used for project developments. Despite the decrease in bank and other borrowings (including senior notes and domestic bonds), the cost of funding increased slightly during the year, therefore, total interest expenses increased slightly from approximately RMB3,356,562,000 in 2021 to approximately RMB3,380,997,000 in 2022.

Share of Profits and Losses of Joint Ventures and Associates

Share of profits and losses of joint ventures and associates changed from profits of approximately RMB640,636,000 in 2021 to losses of approximately RMB454,266,000 in 2022. The losses were mainly attributable to the operating losses and fair value losses of investment properties of certain joint ventures during the year.

Income Tax Expense

Income tax expense decreased significantly by approximately 50.7% from approximately RMB2,067,114,000 in 2021 to approximately RMB1,020,120,000 in 2022. The Group's income tax expense included provisions for the corporate income tax and land appreciation tax net of deferred tax during the year. The decrease was mainly attributable to the decrease in provision of land appreciation tax and corporate income tax as a result of the decrease in revenue from sales of properties and decrease in gross profit margin.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent decreased significantly by approximately 99.2% from approximately RMB3,070,022,000 in 2021 to approximately RMB24,544,000 in 2022. Basic earnings per share amounted to approximately RMB0.6 cents in 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

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

	2022	2021
	RMB'000	*RMB'000*
Renminbi	**14,855,496**	19,221,382
Hong Kong dollars	**77,676**	711,128
US dollars	**82,886**	73,359
Total cash and bank balances	**15,016,058**	20,005,869

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 2022, the amounts of restricted cash and pledged deposits were approximately RMB3,866,093,000 (31 December 2021: approximately RMB4,273,708,000) and approximately RMB2,031,012,000 (31 December 2021: approximately RMB54,574,000), respectively.

Borrowings

The maturity profile of the borrowings of the Group as at 31 December 2022 was as follows:

	2022	2021
	RMB'000	*RMB'000*
Bank and other borrowings:		
Within one year or on demand	**10,742,959**	8,689,342
In the second year	**11,063,555**	8,247,016
In the third to fifth years, inclusive	**3,819,267**	10,520,506
Beyond fifth year	**1,369,331**	2,065,858
	26,995,112	29,522,722
Senior notes and domestic bonds:		
Within one year or on demand	**3,959,846**	6,618,778
In the second year	**7,418,104**	3,688,639
In the third to fifth years, inclusive	**5,784,086**	10,368,195
	17,162,036	20,675,612
Total borrowings	**44,157,148**	50,198,334

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

	2022	2021
	RMB'000	*RMB'000*
Bank and other borrowings:		
Renminbi	**21,655,224**	23,987,110
Hong Kong dollars	**1,127,006**	1,360,565
US dollars	**4,212,882**	4,175,047
	26,995,112	29,522,722
Senior notes and domestic bonds:		
Renminbi	**1,610,688**	4,000,000
US dollars	**15,551,348**	16,675,612
	17,162,036	20,675,612
Total borrowings	**44,157,148**	50,198,334

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, restricted cash and pledged deposits) by total equity. As at 31 December 2022, the net gearing ratio was approximately 79.6% (31 December 2021: approximately 70.7%).

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 2022, 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 2022. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

ANNUAL GENERAL MEETING

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

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: HK6 cents per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

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

AUDIT COMMITTEE

The Company established an audit committee of the Board (the "**Audit Committee**") on 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 2022 and this annual results announcement.

SCOPE OF WORK OF ERNST & YOUNG

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Between 4 January 2022 and 28 February 2022, the Company had made partial repurchases in a total principal amount of US$154,000,000 of the senior notes due on 10 March 2022 with an aggregate principal amount of US$500,000,000 and a coupon rate of 5.875% (the "**Repurchased Notes**"), representing 30.8% of the aggregate principal amount of the senior notes due on 10 March 2022 originally issued. The Repurchased Notes have been cancelled in accordance with the terms and conditions of the senior notes due on 10 March 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

During the year ended 31 December 2022, save as disclosed below, the Company and the Board was in compliance with the code provisions of the Corporate Governance Code effective during the year (the "**CG Code**") set out in Part 2 of Appendix 14 to the Listing Rules:

Under Paragraph 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 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 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 2022 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 2023

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.