中駿商管

SCE Intelligent Commercial Management Holdings Limited
中駿商管智慧服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 606)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 2.6% to approximately RMB620.3 million.
- Gross profit margin was approximately 34.2%.
- Profit attributable to owners of the parent increased by approximately 2.7% to approximately RMB137.8 million.
- The total contracted gross floor area ("**GFA**") and GFA under management were approximately 48.0 million sq.m. and 27.7 million sq.m., respectively.

The board (the "**Board**") of directors (the "**Directors**") of SCE Intelligent Commercial Management Holdings Limited (the "**Company**" or "**SCE CM**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022, as follows:

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

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**620,265**	604,623
Cost of sales		**(408,430)**	(352,867)
Gross profit		**211,835**	251,756
Other income and gains	*4*	**55,231**	12,807
Selling and marketing expenses		**(9,098)**	(487)
Administrative expenses		**(61,434)**	(77,710)
Finance cost	*5*	**(14)**	(241)
Share of profit of a joint venture		**284**	113
PROFIT BEFORE TAX	*6*	**196,804**	186,238
Income tax expense	*7*	**(55,517)**	(49,093)
PROFIT FOR THE PERIOD		**141,287**	137,145
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**14,351**	12,089
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**14,351**	12,089
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**155,638**	149,234

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

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
Profit attributable to:			
Owners of the parent		**137,799**	134,216
Non-controlling interests		**3,488**	2,929
		141,287	137,145
Total comprehensive income attributable to:			
Owners of the parent		**152,150**	146,305
Non-controlling interests		**3,488**	2,929
		155,638	149,234
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*9*	**RMB6.82 cents**	RMB6.47 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property and equipment		**34,419**	34,464
Investment properties		**170**	341
Goodwill		**748**	748
Intangible asset		**527**	653
Prepayments		**6,484**	8,379
Amount due from a related party		**754,144**	644,445
Investment in a joint venture		**2,210**	1,926
Deferred tax assets		**25,205**	27,414
Total non-current assets		**823,907**	718,370
CURRENT ASSETS			
Trade receivables	*10*	**237,606**	181,784
Prepayments, deposits and other receivables		**60,007**	57,500
Pledged deposits		**–**	1,000,000
Cash and cash equivalents		**2,162,958**	1,227,290
Total current assets		**2,460,571**	2,466,574
CURRENT LIABILITIES			
Trade payables	*11*	**84,045**	75,058
Other payables and accruals		**267,843**	270,965
Contract liabilities		**247,248**	197,808
Tax payable		**45,984**	52,325
Total current liabilities		**645,120**	596,156
NET CURRENT ASSETS		**1,815,451**	1,870,418
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,639,358**	2,588,788

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

30 June 2023

	30 June 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**–**	665
Deferred tax liabilities	**131**	163
Total non-current liabilities	**131**	828
Net assets	**2,639,227**	2,587,960
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**16,742**	17,292
Reserves	**2,604,487**	2,556,158
	2,621,229	2,573,450
Non-controlling interests	**17,998**	14,510
Total equity	**2,639,227**	2,587,960

NOTES:

1. BASIS OF PREPARATION

The Company is a limited liability company incorporated in the Cayman Islands on 20 August 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 2 July 2021.

During the period, the Group was involved in the provision of property management services and commercial operational services in the People's Republic of China (the "**PRC**").

In the opinion of the directors of the Company, Happy Scene Global Limited, a company incorporated in the British Virgin Islands (the "**BVI**"), is the immediate holding company of the Company, and China SCE Group Holdings Limited (together with its subsidiaries but excluding the Group, the "**China SCE Group**"), a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange, is the controlling shareholder of the Company.

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The application of the new and revised standards has had no material impact on the preparation of the Group's unaudited interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of property management services, value-added services and commercial operational services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China during the six months ended 30 June 2023 and 2022 and the non-current assets of the Group are substantially located in the PRC as at 30 June 2023 and 31 December 2022.

Information about major customers

For the six months ended 30 June 2023 and 2022, revenue from the China SCE Group contributed 13.7% and 22.7% of the Group's revenue, respectively.

Other than the revenue from the China SCE Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2023 and 2022.

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of goods or services		
Revenue from contracts with customers		
Property management services	**430,550**	379,779
Value-added services	**183,318**	199,808
Commercial operational services	**6,397**	25,036
	620,265	604,623

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Bank interest income	**21,278**	10,065
Gain on disposal of items of property and equipment, net	**4**	117
Gain on termination of leases	**–**	188
Forfeiture income on deposits received	**203**	221
Government grants	**9,194**	1,892
Interest income on amount due from a related party	**24,290**	–
Others	**262**	324
	55,231	12,807

5. FINANCE COST

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on lease liabilities	**14**	241

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of services provided*	**408,430**	352,867
Depreciation of property and equipment	**7,320**	6,189
Depreciation of right-of-use assets	**1,087**	2,451
Depreciation of investment properties**	**171**	172
Amortisation of an intangible asset	**126**	127
Gain on disposal of property and equipment, net	**(4)**	(117)
Loss/(gain) on termination of leases	**280**	(188)
Employee benefit expense (including director's remuneration):		
Salaries, bonuses and benefits in kind	**218,133**	233,883
Share-based payment expenses	**853**	789
Pension scheme contributions	**39,916**	37,897
	258,902	272,569
Foreign exchange differences, net	**(125)**	4,435

* Cost of services provided included an aggregate amount of RMB224,238,000 and RMB213,442,000 for each of the six months ended 30 June 2023 and 2022, respectively, which comprised employee benefit expense and depreciation of investment properties. These amounts comprised of the respective expense items disclosed above.

** The depreciation of investment properties amounting to RMB171,000 and RMB172,000 were included in the cost of services provided for each of the six months ended 30 June 2023 and 2022, respectively.

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the Group's subsidiaries are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the BVI, the entities within the Group incorporated in the Cayman Islands and the BVI are not subject to any income tax. No provision for Hong Kong profits tax has been made during the periods as the Group did not generate any assessable profits arising in Hong Kong during these periods.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax ("**CIT**") at a rate of 25% for the periods. Certain subsidiaries of the Group in Mainland China satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises. For a small low-profit enterprise, the portion of annual taxable income which does not exceed RMB3,000,000 shall be calculated at a reduced rate of 25% as taxable income and be subject to CIT at a rate of 20%.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current	**53,340**	49,124
Deferred	**2,177**	(31)
Total tax charge for the period	**55,517**	49,093

8. DIVIDEND

The Board has resolved not to declare payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit during the period attributable to ordinary equity holders of the parent of RMB137,799,000 (six months ended 30 June 2022: RMB134,216,000), and the weighted average number of ordinary shares of 2,019,857,000 (six months ended 30 June 2022: 2,075,000,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during these periods.

10. TRADE RECEIVABLES

Trade receivables represented receivables arising from property management services, commercial operational services and other related services. For trade receivables from property management services, the Group charges property management fees on a quarterly or monthly basis and the payment is generally due upon the issuance of demand notes. For trade receivables from other services, the Group's trading terms with its customers are mainly on credit and the credit period is generally within six months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. Except for the balances with the China SCE Group and joint ventures and associates of the China SCE Group, the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are interest-free.

The amounts due from the China SCE Group and joint ventures and associates of the China SCE Group are repayable on credit terms similar to those offered to the major customers of the Group.

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

	30 June 2023 (Unaudited) ***RMB'000***	31 December 2022 (Audited) *RMB'000*
Current to 90 days	**118,006**	145,221
91 to 180 days	**56,233**	22,039
181 to 365 days	**52,646**	7,385
Over 365 days	**10,721**	7,139
	237,606	181,784

11. TRADE PAYABLES

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

	30 June 2023 (Unaudited) ***RMB'000***	31 December 2022 (Audited) *RMB'000*
Current to 90 days	**69,108**	64,605
91 to 365 days	**12,522**	5,689
Over 365 days	**2,415**	4,764
	84,045	75,058

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a service provider focusing on commercial property management services with operations in the West Taiwan Strait Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong-Hong Kong-Macao Greater Bay Area and the Central Western Region. As at 30 June 2023, there were 39 contracted commercial properties (including shopping malls and offices) with a total contracted GFA of approximately 5.0 million sq.m. and 18 commercial properties under management with a total GFA under management of approximately 1.9 million sq.m..

The Group also provides property management services to residential properties. As at 30 June 2023, there were 222 contracted residential projects with a total contracted GFA of approximately 43.1 million sq.m. and 159 residential projects under management with a total GFA under management of approximately 25.9 million sq.m..

BUSINESS REVIEW

During the six months ended 30 June 2023 (the "**Period**"), the Group conducted business activities in the following major business segments, namely (i) commercial property management and operational services; and (ii) residential property management services.

During the Period, the Group's revenue by business segment is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Commercial property management and operational services	**199,948**	203,151
Residential property management services	**420,317**	401,472
Total	**620,265**	604,623

Commercial property management and operational services

During the Period, the Group's commercial property management and operational services segment recorded total revenue of approximately RMB199.9 million, representing a year-on-year slight decrease of approximately 1.6%; GFA under management of approximately 1.9 million sq.m., representing a year-on-year increase of approximately 20.1%; the number of projects under management of 18 projects, representing a year-on-year increase of 2 projects; and contracted GFA of approximately 5.0 million sq.m., representing a year-on-year decrease of approximately 18.1%.

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

	Six months ended 30 June					
	2023			2022		
	Contracted GFA *sq.m.*	**GFA under Management** *sq.m.*	**Revenue** *RMB*	Contracted GFA *sq.m.*	GFA under Management *sq.m.*	Revenue *RMB*
	(in thousands)			(in thousands)		
Yangtze River Delta Economic Zone	**2,097**	**698**	**71,377**	3,179	698	94,807
West Taiwan Strait Economic Zone	**879**	**571**	**68,169**	891	583	65,846
Bohai Rim Economic Zone	**739**	**379**	**43,649**	739	54	21,626
Guangdong-Hong Kong-Macao Greater Bay Area	**611**	**111**	**6,883**	611	111	10,289
Central Western Region	**624**	**112**	**9,870**	624	112	10,583
Total	**4,950**	**1,871**	**199,948**	6,044	1,558	203,151

Certain information of the Group's commercial properties under management as at 30 June 2023 and 2022 is set out below:

Project	Opening Date	Property Type	Location	Geographic Region	Occupancy Rate		GFA under Management	
					As of 30 June			
					2023	2022	**2023**	2022
					%	%	***sq.m.***	*sq.m.*
Xiamen SCE Building	January 2007	Office building	Xiamen	West Taiwan Strait Economic Zone	**85.6**	91.6	**50,309**	50,309
Beijing CBD SCE Funworld	September 2009	Shopping street	Beijing	Bohai Rim Economic Zone	**87.4**	89.8	**54,484**	54,484
Quanzhou SCE Funworld	May 2014	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	**88.7**	90.2	**180,929**	180,929
Gala Fun	December 2014	Shopping street	Quanzhou	West Taiwan Strait Economic Zone	**N/A**	64.3	**N/A**	11,729
Shanghai SCE Plaza Phase One	June 2017	Office building	Shanghai	Yangtze River Delta Economic Zone	**100.0**	100.0	**218,471**	218,471
Shanghai SCE Plaza Phase Two	July 2018	Office building	Shanghai	Yangtze River Delta Economic Zone	**75.6**	64.5	**126,525**	126,525
Quanzhou SCE Plaza Office Building	August 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	**84.3**	84.6	**45,972**	45,972
Shishi Fortune Center	September 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	**74.9**	68.3	**33,380**	33,380
Nan'an SCE Funworld	December 2018	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	**96.2**	98.5	**72,618**	72,618
Tianyue	October 2020	Office building	Shanghai	Yangtze River Delta Economic Zone	**79.0**	69.3	**52,499**	52,499
Shuitou SCE Funworld	December 2020	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	**84.1**	93.3	**105,290**	105,290
Xianyou SCE Funworld	December 2020	Shopping mall	Putian	West Taiwan Strait Economic Zone	**83.9**	88.3	**82,678**	82,678
Taizhou SCE Funworld	December 2021	Shopping mall	Taizhou	Yangtze River Delta Economic Zone	**84.0**	92.4	**199,625**	199,625
Heyuan SCE Funworld	December 2021	Shopping mall	Heyuan	Guangdong-Hong Kong-Macao Greater Bay Area	**72.0**	86.3	**111,084**	111,084
Pingdingshan SCE Funworld	December 2021	Shopping mall	Pingdingshan	Central Western Region	**97.8**	98.8	**111,142**	111,142
Zhangjiagang SCE Funworld	December 2021	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	**97.0**	100.0	**100,825**	100,825
Gaomi SCE Funworld	December 2022	Shopping mall	Weifang	Bohai Rim Economic Zone	**96.7**	N/A	**143,634**	N/A
Tangshan SCE Funworld	March 2023	Shopping mall	Tangshan	Bohai Rim Economic Zone	**88.4**	N/A	**78,048**	N/A
Beijing West Chang'an SCE Funworld	March 2023	Shopping mall	Beijing	Bohai Rim Economic Zone	**100.0**	N/A	**103,453**	N/A
Total					**88.4**	87.6	**1,870,966**	1,557,560

The table below sets out certain information of the shopping malls and office building for which the Group has contracted to provide basic commercial property management services but which have not yet been delivered to the Group for management as at 30 June 2023:

Project	Expected Opening Date	Property Type	Location	Geographic Region	Contracted GFA *sq.m.*
Shantou SCE Funworld	December 2023	Shopping mall	Shantou	Guangdong-Hong Kong-Macao Greater Bay Area	154,710
Huaqiao SCE Funworld	September 2024	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	148,826
Fuzhou SCE Funworld	October 2024	Shopping mall	Fuzhou	West Taiwan Strait Economic Zone	136,213
Shaoguan SCE Funworld	December 2025	Shopping mall	Shaoguan	Guangdong-Hong Kong-Macao Greater Bay Area	109,802
Haian SCE Funworld	December 2025	Shopping mall	Nantong	Yangtze River Delta Economic Zone	100,581
Nanchang SCE Funworld	December 2025	Shopping mall	Nanchang	West Taiwan Strait Economic Zone	112,232
Yushan SCE Funworld	December 2025	Shopping mall	Shangrao	West Taiwan Strait Economic Zone	60,000
Jieyang SCE Funworld	December 2025	Shopping mall	Jieyang	Guangdong-Hong Kong-Macao Greater Bay Area	116,196
Rudong SCE Funworld	December 2025	Shopping mall	Nantong	Yangtze River Delta Economic Zone	123,233
Dinghu Woven City	December 2025	Office building	Hangzhou	Yangtze River Delta Economic Zone	459,983
Rizhao SCE Funworld	December 2025	Shopping mall	Rizhao	Bohai Rim Economic Zone	112,719
Zhumadian SCE Funworld	December 2025	Shopping mall	Zhumadian	Central Western Region	153,094
Hefei SCE Funworld	December 2025	Shopping mall	Hefei	Yangtze River Delta Economic Zone	222,100
Tongchuan SCE Funworld	December 2026	Shopping mall	Tongchuan	Central Western Region	122,112
Chizhou SCE Funworld	December 2026	Shopping mall	Chizhou	Yangtze River Delta Economic Zone	116,326

Project	Expected Opening Date	Property Type	Location	Geographic Region	Contracted GFA
					sq.m.
Binzhou SCE Funworld	December 2026	Shopping mall	Binzhou	Bohai Rim Economic Zone	127,152
Meizhou SCE Funworld	December 2026	Shopping mall	Meizhou	Guangdong-Hong Kong-Macao Greater Bay Area	119,083
Tongnan SCE Funworld	December 2026	Shopping mall	Chongqing	Central Western Region	130,392
Xiangtan SCE Funworld	December 2026	Shopping mall	Xiangtan	Central Western Region	106,830
Nantong Haimen SCE Funworld	December 2026	Shopping mall	Nantong	Yangtze River Delta Economic Zone	228,837
Penglai SCE Funworld	December 2026	Shopping mall	Penglai	Bohai Rim Economic Zone	118,999
Total					3,079,420

In the Period, in the face of the ever-changing landscape and new trends of the industry, on the basis of the new commercial business logic, SCE CM has been continuously exploring and exerting its efforts in the new business mode, content and experience with differentiated positioning as the operating characteristics of the projects. Focusing on the linkage among "consumers, products and places", the Group continuously selects, edits and recommends commercial contents, hence making a breakthrough in the traditional retail business model. In the Period, SCE CM opened two shopping malls at the same time. Beijing West Chang'an SCE Funworld is the output of an innovative model with the integration of the two-way advantages of "Preferred Shopping Centre Content" and "Outlet Retail Selection", which is also the innovative practice made by SCE CM to address the new consumer trend and new business landscape. As the first innovative outlet city project of SCE CM, Beijing West Chang'an SCE Funworld is positioned as a "24H Non-closing Beijing West New Outlet", completing its opening debut with a 100% occupancy rate, and on the day of its opening, it recorded over 200,000 visitors and over RMB20.0 million in terms of sales. As the first asset-light project, Tangshan SCE Funworld targets young family customers, further strengthening "Sports Experience" and "Parent-child Art Toys", and introduces more than 80% of the first shop brands to be stationed in the mall, with more than 150,000 visitors on the day of opening, generating nearly RMB10.0 million in terms of sales, and becoming the "Hit" that stimulates the city's commercial reputation again after Beijing West Chang'an SCE Funworld, and realises the operating strategy of "Scaling Up with Quality" and the city's vision of "A Funworld Makes Every City Wonderful" of SCE CM. With favorable market feedback and excellent data presented, progressive success in exploring the business operation mode of SCE CM could be observed, and its innovative and advanced new business mode has brought a brand new business perspective to the industry and a different shopping and consumption experience to the consumers.

The Group follows new changes and new trends in consumer demand, strives to build up the first-store effects of the brand, and comprehensively refreshes commercial content. In the Period, each SCE Funworld focused on the optimised combination of business types, introduced exclusive brands of popular internet celebrities, and the rate of brand changes of all shopping malls exceeded 30%. This consistently enhances differentiated brand competitiveness of SCE Funworlds, which will bring about a more precise business positioning and more room for growth. Among them, Quanzhou SCE Funworld, following the introduction of high-end cosmetic and international watches brands, further accelerated brand renewal by the introduction of an internationally renowned handbag brand, which is an important step of SCE CM to advance into the matrix of international luxury brands, and build up the no.1 fashion shopping mall in Quanzhou.

During the Period, the Group actively launched diversified and innovative marketing campaigns, focusing on various areas such as joint marketing, membership expansion and online campaigns. For example, during the Labor Day Holiday, the Group conducted joint marketing activities with 12 SCE Funworlds across the country under the theme of "Labor Day Fun GO", achieving a year-on-year dual increase in customer flows and sales in all SCE Funworlds, thereby driving urban consumption to new heights. With reference to the "6 June Happy Day" held by the China SCE Group, the Group launched an original brand marketing campaign "6 June Happy Life Festival — Falling in Love with This City" in June this year, during which the 12 SCE Funworlds across the country recorded a year-on-year increase in customer flows and sales significantly, triggering a new wave of brand consumption and achieving an explosion of sales potential.

The Group has always been committed to providing customers with enhanced consumer experience through digital operation and creating sustainable industry value through in-depth innovation of business management and business model. In the Period, on the basis of the newly upgraded online shopping mall application, in order to strengthen the flow of consumption in shopping malls and deeply engage brand merchants, the Group comprehensively upgraded the service functions of "Paid by Points" and "SCE Shopping Card", increasing the number of SCE Funworld which can use "Paid by Points" and "SCE Shopping Card" to seven and five, respectively. In addition, we also attempted for the first time to collaborate with external brands, achieving the functions such as "Member Points Integration" and "New Membership through Third Parties", which attracted nearly 100,000 more new members. At the same time, from the business perspective, business was empowered with digital technology and tools to provide business empowerment to the partner merchants, improving the convenience of obtaining more customer flows by the merchants and complete the conversion from customer acquisition to transaction execution more effectively, thereby generating additional incremental sales for the merchants. As at 30 June 2023, the Group's digital membership has grown rapidly to over 3.0 million.

Residential Property Management Services

During the Period, the Group's residential property management services segment recorded total revenue of approximately RMB420.3 million, representing a year-on-year increase of approximately 4.7%; GFA under management was approximately 25.9 million sq.m., representing a year-on-year increase of approximately 15.5%; the number of projects under management was 159 projects, representing a year-on-year increase of 19 projects; and contracted GFA was approximately 43.1 million sq.m., representing a year-on-year slight increase of approximately 1.3%.

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

	Six months ended 30 June					
	2023			2022		
	Contracted GFA *sq.m.*	**GFA under Management** *sq.m.*	**Revenue** *RMB*	Contracted GFA *sq.m.*	GFA under Management *sq.m.*	Revenue *RMB*
		(in thousands)			(in thousands)	
Yangtze River Delta Economic Zone	**8,914**	**4,620**	**72,168**	8,655	3,493	95,224
West Taiwan Strait Economic Zone	**16,167**	**12,412**	**195,532**	16,028	11,480	167,131
Bohai Rim Economic Zone	**6,281**	**3,668**	**66,699**	6,281	3,476	69,440
Guangdong-Hong Kong-Macao Greater Bay Area	**4,244**	**1,374**	**29,465**	4,244	783	25,859
Central Western Region	**7,489**	**3,798**	**56,453**	7,339	3,162	43,818
Total	**43,095**	**25,872**	**420,317**	42,547	22,394	401,472

By focusing on multi-dimensional measures such as intelligent communities and digital empowerment, strengthening organisational capabilities and institutional system construction, the Group has continued to explore its service potentials and enhance its service effectiveness in recent years, so as to establish a sound and comprehensive customer service system. Relying on its insights into the needs of residents, the Group has launched service models such as "Lifestyle Service", "Hotel Service" and "One-Stop Service" to achieve self-iterative and continuous upgrading of its services. The Group has also launched the "FUN Neighborhood" cultural community to create an all-age blissful community and exquisite life tailor-made for its customers. Meanwhile, the Group focuses on the development of value-added services, providing additional value-added services to property owners and residents in addition to basic property management services, such as housekeeping, cleaning, leasing, rechargeable piles, water dispensers, etc. These services not only increase the Group's source of income but also enhance the convenience and comfort of property owners and residents, ensuring the quality and effectiveness of the services provided and enhancing the sense of well-being. During the Period, the Group devoted great efforts in developing exquisite residence services to establish its own distinctive home furnishing style, providing customers with one-stop service experience and enhancing the brand image and service quality of SCE CM.

OUTLOOK

Recently, the PRC government has implemented several pilot measures to boost transaction volume in the real estate market, such as lowering the buyers' down payment ratio, removing some restrictions on property purchases and optimising the purchase of properties with provident funds. It is expected that the PRC government will further adjust and optimise these measures in the second half of the year. In addition, the recent reduction in the Loan Prime Rates by the People's Bank of China will stimulate public demand for housing, lowering the borrowing cost of property purchases of the public, hopefully providing favorable conditions for the business development of real estate enterprises and eventually facilitating the development for the property management industry and the Group.

With the rapid development of the property management industry in the PRC in recent years and the emergence of property management companies, competition in the industry has become increasingly intense, with the core of competition gradually shifting from "Management Scale" to "Management Quality", which means the provision of better-quality management services and more diversified value-added services to residents and tenants. For example, by applying digitalisation, we can better identify the actual needs of our residents and provide them with more targeted and caring services. The Group is committed to following the aforementioned development approach and will endeavor to upgrade its service content and diversify its value-added services in conjunction with the expansion of its scale. In addition, it has become an industry norm for real estate companies to have their development projects managed by fellow property management companies, and therefore the growth in the scale of management of external projects developed by non-parent companies is the highlight of the business. In light of this, the Group will actively seek more external project management rights in the second half of the year and further reduce its dependence on the China SCE Group.

During the Period, confronted by the new trend and change in industry consumption, the Group has empowered its performance improvement by innovating its business operation model and focusing on the operation of merchants. Looking forward to the second half of 2023, the Group will always remain firm in its initial intention in business, create operating value for merchants, provide service value for consumers and empowerment and growth for employees, and return asset management value for the parent. Moreover, the Group will continue to adhere to refined operations and the business policy of mutual success, uphold the innovative spirit of keeping up with the times, and continue to deliver high-quality realisation to further improve the Group's competitiveness and influence in the industry.

FINANCIAL REVIEW

Revenue

Revenue increased by 2.6% from approximately RMB604.6 million in the first half of 2022 to approximately RMB620.3 million in the Period. This was due to the combined effect of the increase in GFA under management and the decrease in demand for various value-added services.

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

	Six months ended 30 June			
	2023		2022	
	Revenue	**Percentage**	Revenue	Percentage
	RMB'000	***%***	*RMB'000*	*%*
Commercial property management and operational services				
Basic commercial property management services	**131,348**	**21.2**	125,523	20.8
Pre-opening management services	**6,397**	**1.0**	25,036	4.1
Other value-added services	**62,203**	**10.0**	52,592	8.7
Subtotal	**199,948**	**32.2**	203,151	33.6
Residential property management services				
Basic residential property management services	**299,202**	**48.2**	254,256	42.0
Value-added services to non-property owners	**66,810**	**10.8**	115,227	19.1
Community value-added services	**54,305**	**8.8**	31,989	5.3
Subtotal	**420,317**	**67.8**	401,472	66.4
Total	**620,265**	**100.0**	604,623	100.0

Basic Commercial Property Management Services

The Group's basic commercial property management services mainly include cleaning, security, repair and maintenance, tenant assistance, marketing and promotion services provided to property developers, property owners and tenants. The Group's revenue from basic commercial property management services increased by approximately 4.6% from approximately RMB125.5 million in the first half of 2022 to approximately RMB131.3 million in the Period, accounting for approximately 21.2% of its total revenue. This was due to the increase in GFA under management.

Pre-opening Management Services

The Group's pre-opening management services mainly include market research and positioning, preliminary consultation and planning, architectural design consultation, tenant acquisition and opening preparation services provided to property developers prior to the opening of commercial properties. The Group's revenue from pre-opening management services decreased significantly by approximately 74.4% from approximately RMB25.0 million in the first half of 2022 to approximately RMB6.4 million in the Period, accounting for approximately 1.0% of its total revenue. This was due to the temporary suspension of land acquisition by the China SCE Group starting from 2022. The number of shopping malls for which the Group provided pre-opening management services decreased significantly from seven in the first half of 2022 to two in the Period.

Other Value-added Services

The Group's other value-added services mainly include tenant management, rental collection, parking lot management, advertising space and other common area management services provided after the opening of commercial properties. The Group's revenue from other value-added services increased by approximately 18.3% from approximately RMB52.6 million in the first half of 2022 to approximately RMB62.2 million in the Period, accounting for approximately 10.0% of its total revenue. This was due to the increase in the GFA under management.

Basic Residential Property Management Services

The Group's basic residential property management services mainly include cleaning, security, landscaping and repair and maintenance services provided to property owners, property owners' committees or property developers. The Group's revenue from basic residential property management services increased by approximately 17.7% from approximately RMB254.3 million in the first half of 2022 to approximately RMB299.2 million in the Period, accounting for approximately 48.2% of its total revenue. This was due to the increase in GFA under management.

Value-added Services to Non-property Owners

The Group's value-added services to non-property owners mainly include the provision of pre-sale management services to property developers during pre-sale activities, such as cleaning, security and repair and maintenance services for pre-sale display units and sales offices, pre-delivery inspection services and car park sales services for car parks that remained unsold after the pre-sale period. The Group's revenue from value-added services to non-property owners decreased significantly by approximately 42.0% from approximately RMB115.2 million in the first half of 2022 to approximately RMB66.8 million in the Period, accounting for approximately 10.8% of its total revenue. This was due to the number of residential properties for which pre-sale management services were provided decreased from 91 in the first half of 2022 to 67 in the Period, the number of residential properties for which pre-delivery inspection services were provided decreased from 23 in the first half of 2022 to 17 in the Period, and the significant decrease in revenue recorded from the provision of car park sales services from approximately RMB13.9 million in the first half of 2022 to approximately RMB1.9 million in the Period.

Community Value-added Services

The Group's community value-added services mainly include housekeeping and cleaning services, residential property agency services, exquisite residence services as well as car park management, clubhouse operation and common area management services. The Group's revenue from community value-added services increased significantly by approximately 69.8% from approximately RMB32.0 million in the first half of 2022 to approximately RMB54.3 million in the Period, accounting for approximately 8.8% of its total revenue. This was due to the increase in GFA under management and the increase in demand for exquisite residence services.

Gross Profit

Gross profit decreased by approximately 15.9% from approximately RMB251.8 million in the first half of 2022 to approximately RMB211.8 million in the Period.

The overall gross profit margin decreased from approximately 41.6% in the first half of 2022 to approximately 34.2% in the Period. The decrease in gross profit margin was mainly due to the decrease in the revenue recorded from the provision of value-added services which had higher gross profit margins.

Other Income and Gains

The Group's other income and gains mainly comprised bank and other interest income, government grants and forfeiture income on deposits received.

Other income and gains increased significantly by approximately 331.3% from approximately RMB12.8 million in the first half of 2022 to approximately RMB55.2 million in the Period. The increase in other income and gains was mainly due to the significant increase in bank interest income and interest income from loan to China SCE Group.

Administrative Expenses

The Group's administrative expenses mainly comprised salaries and wages of administrative staff, entertainment expenses, office expenses, travel and transportation expenses, depreciation and amortization, foreign exchange loss and others.

Administrative expenses decreased by approximately 20.9% from approximately RMB77.7 million in the first half of 2022 to approximately RMB61.4 million in the Period. The decrease in administrative expenses was mainly attributable to the implementation of cost saving scheme by the Group during the Period.

Income Tax Expense

Income tax expense increased by approximately 13.1% from approximately RMB49.1 million in the first half of 2022 to approximately RMB55.5 million in the Period. Income tax expense as a percentage of profit before taxation increased from 26.4% in the first half of 2022 to 28.2% in the Period, mainly resulted from certain expenses that were not deductible for tax purposes, and no deferred tax assets recognised for losses incurred by certain newly incorporated subsidiaries during the Period.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent increased by approximately 2.7% from approximately RMB134.2 million in the first half of 2022 to approximately RMB137.8 million in the Period. Basic earnings per share amounted to approximately RMB6.82 cents in the Period.

Amount Due From a Related Party

The Group's amount due from a related party was a loan advanced to the China SCE Group. On 24 November 2022, Shanghai China SCE Commercial Management Co., Ltd. (the "**Lender**"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement (the "**Loan Agreement**") with Shanghai Zhongjun Property Co., Ltd. (the "**Borrower**"), an indirect wholly-owned subsidiary of China SCE Group Holdings Limited, pursuant to which the Lender has agreed to advance to the Borrower a loan (the "**Loan**") for a fixed term commencing from the date of drawdown and ending on 31 December 2024 in the principal amount of up to RMB900.0 million at an interest rate of 7.0% per annum for the purpose of replenishing the working capital of the China SCE Group. As at 30 June 2023, the balance was approximately RMB754.1 million. The Board considered that by entering into the Loan Agreement, the Group could produce extra income with its idle cash with potentially higher returns than other available options. The additional short to medium term capital under the Loan also allows the China SCE Group to accelerate the process of construction and delivery of its properties, which will in turn benefit the long-term development of the Group when it is engaged to provide property management services for such properties upon their delivery.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2023, the Group's cash and bank balances were denominated in different currencies as set out below:

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Renminbi	**2,158,433**	2,220,441
Hong Kong dollars	**2,384**	4,737
US dollars	**2,141**	2,112
Total cash and bank balances	**2,162,958**	2,227,290

Borrowings and Pledge of Assets

As at 30 June 2023, the Group did not incur any borrowings (31 December 2022: Nil). As at 30 June 2023, none of the Group's assets were restricted or pledged for borrowings (31 December 2022: The amount of pledged deposits was approximately RMB1.0 billion).

The gearing ratio was calculated by dividing the net amount of interest-bearing borrowings by total equity. As at 30 June 2023, the gearing ratio was nil (31 December 2022: Nil).

Exchange Rate Fluctuation Exposures

The Group's businesses are located in the PRC and all of the revenue and a substantial amount of operating expenses of the Group are denominated in RMB. As at 30 June 2023 and 31 December 2022, except for certain bank deposits which were denominated in foreign currencies, exchange rate changes of RMB against foreign currencies will not have material adverse effect on the results of operations of the Group.

No foreign currency hedging arrangement was made as at 30 June 2023 (31 December 2022: Nil). The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

CORPORATE GOVERNANCE

The Company has been committed to maintain a high standard of corporate governance so as to enhance the operational efficiency of the Company. The Company believes that such commitment is beneficial to safeguard the interests of the Company and its shareholders. During the Period, the Company has complied with all applicable code provisions under the Corporate Governance Code (the "**CG Code**") set out in Part 2 of Appendix 14 to the Listing Rules. The Directors will use their best endeavors to ensure that the Company continues to comply with the CG Code.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

Pursuant to the provisions of the CG Code, the Company established the Audit Committee on 10 June 2021. In compliance with Rule 3.21 of the Listing Rules, the Audit Committee of the Company shall only consist of non-executive Directors and be chaired by an independent non-executive Director. The Audit Committee of the Company comprises two independent non-executive Directors and one non-executive Director, namely Mr. Pang Hon Chung as the chairman and Mr. Huang Youquan and Mr. Wang Yongping as the two members.

Mr. Pang Hon Chung, chairman of the Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules which requires that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

The responsibilities of the Audit Committee include overseeing the Group's financial reporting system, risk management and internal control system, and reviewing the accounting principles and policies adopted by the Group. The Audit Committee has reviewed the unaudited interim results of the Group for the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the Directors.

The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company repurchased a total of 60,000,000 shares of the Company at an aggregate consideration of HKD114,785,650 on the Stock Exchange.

Particulars of the shares repurchased during the Period are as follows:

Month in which shares were repurchased	**Date of cancellation**	**Number of shares repurchased** *(shares)*	**Highest price paid per share** *(HKD)*	**Lowest price paid per share** *(HKD)*	**Total consideration paid** *(HKD)*
January 2023	6 February 2023	60,000,000	1.96	1.89	114,785,650

Save as disclosed above, neither the Company or its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2022: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.sce-icm.com) and the Stock Exchange (www.hkexnews.hk). The 2023 interim report of the Group containing the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Company and of the Stock Exchange in due course.

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

Hong Kong, 29 August 2023

As at the date of this announcement, the Board comprises Mr. Wong Lun, Mr. Niu Wei, Mr. Sun Qiang, Mr. Zheng Quanlou and Ms. Ku Weihong as executive Directors, Mr. Huang Youquan as non-executive Director, and Dr. Ding Zuyu, Mr. Wang Yongping and Mr. Pang Hon Chung as independent non-executive Directors.