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CHINA SCE GROUP HOLDINGS LIMITED

中駿集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1966)

(Debt Stock Code: 40590)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

- Contracted sales amount was approximately RMB3,743,289,000.
- Revenue was approximately RMB18,520,559,000.
- Gross profit margin increased to approximately 20.8%.
- Loss attributable to owners of the parent decreased to approximately RMB3,479,512,000.

The board (the “**Board**”) of directors (the “**Directors**”) of China SCE Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**” or “**China SCE**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024, as follows:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB’000	RMB’000
REVENUE	4	18,520,559	24,816,532
Cost of sales		<u>(14,670,816)</u>	<u>(20,356,550)</u>
Gross profit		3,849,743	4,459,982
Other income and gains	4	67,855	201,550
Changes in fair value of investment properties, net		(2,280,862)	(3,088,113)
Selling and marketing expenses		(353,722)	(395,676)
Administrative expenses		(629,726)	(627,537)
Write down to net realisable value of completed properties held for sale and properties under development		(2,819,498)	(1,828,253)
Other expenses		–	(961,136)
Finance costs	5	(846,104)	(861,384)
Share of profits/(losses) of:			
Joint ventures		48,203	339,986
Associates		<u>(50,941)</u>	<u>32,892</u>
LOSS BEFORE TAX	6	(3,015,052)	(2,727,689)
Income tax expense	7	<u>(923,332)</u>	<u>(696,437)</u>
LOSS FOR THE PERIOD		<u>(3,938,384)</u>	<u>(3,424,126)</u>

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

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	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	2,185	(8,258)
Exchange differences on translation of foreign operations	372,031	(635,925)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	374,216	(644,183)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	374,216	(644,183)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(3,564,168)	(4,068,309)

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

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
<i>Note</i>	RMB'000	RMB'000
(Loss)/profit attributable to:		
Owners of the parent	(3,479,512)	(3,682,268)
Non-controlling interests	(458,872)	258,142
	<u>(3,938,384)</u>	<u>(3,424,126)</u>
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(3,123,628)	(4,319,113)
Non-controlling interests	(440,540)	250,804
	<u>(3,564,168)</u>	<u>(4,068,309)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
	9	
Basic and diluted	RMB	RMB
	<u>(82.4) cents</u>	<u>(87.2) cents</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

		30 June 2025	31 December 2024
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property and equipment		681,267	707,095
Investment properties		24,719,195	26,799,100
Intangible asset		2,236	2,319
Properties under development		5,334,680	5,843,494
Contract in progress		111,179	110,979
Investments in joint ventures		2,190,156	2,077,866
Investments in associates		779,546	832,847
Prepayments and other assets		590,700	663,056
Deferred tax assets		725,012	886,666
		<hr/>	<hr/>
Total non-current assets		35,133,971	37,923,422
CURRENT ASSETS			
Properties under development		45,548,041	58,834,211
Completed properties held for sale		9,775,465	10,340,488
Trade receivables	10	266,547	281,910
Prepayments, other receivables and other assets		10,439,363	11,631,331
Financial assets at fair value through profit or loss		117,144	158,339
Due from related parties		2,441,720	2,534,330
Prepaid income tax		2,331,983	2,536,178
Restricted cash		959,753	1,124,479
Cash and cash equivalents		2,496,031	2,920,538
		<hr/>	<hr/>
Total current assets		74,376,047	90,361,804

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
30 June 2025

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	<i>Note</i>		
CURRENT LIABILITIES			
Trade and bills payables	11	14,053,386	13,993,277
Other payables and accruals		10,191,299	10,030,025
Contract liabilities		33,147,973	48,082,677
Interest-bearing bank and other borrowings		11,298,819	11,241,555
Senior notes and domestic bonds		14,218,728	12,908,448
Due to related parties		2,471,192	2,407,084
Tax payable		5,959,688	5,354,942
Total current liabilities		91,341,085	104,018,008
NET CURRENT LIABILITIES		(16,965,038)	(13,656,204)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		18,168,933	24,267,218
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		7,846,637	8,562,544
Senior notes and domestic bonds		1,206,019	2,706,019
Lease liabilities		2,068	3,093
Deferred tax liabilities		2,011,762	2,326,347
Provision for major overhauls		105,301	99,342
Total non-current liabilities		11,171,787	13,697,345
Net assets		6,997,146	10,569,873
EQUITY			
Equity attributable to owners of the parent			
Issued capital		365,138	365,138
(Deficit)/reserves		(1,803,191)	1,330,890
		(1,438,053)	1,696,028
Non-controlling interests		8,435,199	8,873,845
Total equity		6,997,146	10,569,873

NOTES:

1. BASIS OF PREPARATION

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

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards (“**HKFRSs**”) (which include all HKFRS Accounting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs and the change in accounting policy as disclosed in note 2 below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Going concern basis

The Group recorded a loss attributable to owners of the parent of approximately RMB3.480 billion for the period ended 30 June 2025. As at 30 June 2025, the interest bearing bank and other borrowings, senior notes and domestic bonds of the Group amounted to approximately RMB34.570 billion, while its cash and cash equivalents amounted to approximately RMB2.496 billion. The Group did not make payment of principal and interest on offshore senior notes and certain interest-bearing bank and other borrowings since October 2023, triggering events of default or cross-default of various borrowings pursuant to the terms and conditions of respective agreements. As at 30 June 2025, the Group’s defaulted or cross-defaulted principal of offshore senior notes and interest-bearing bank and other borrowings amounted to approximately RMB17.445 billion.

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

- (a) The Company and relevant stakeholders of certain offshore senior notes and bank borrowings and their respective advisors have continued to work together to finalise the principal terms of the proposed offshore debt restructuring, which is intended to allow adequate financial flexibility and liquidity to stabilise the Group's business and to facilitate a sustainable capital structure, while protecting the rights and interests of all stakeholders.

The Company, as disclosed in the Company's announcement dated 26 June 2025, entered into a restructuring support agreement (the "RSA") with an ad hoc group (the "AHG") of certain holders of offshore senior notes. The execution of the RSA by the Company and the AHG represents an important milestone in the progress towards achieving the proposed offshore debt restructuring. The Group will work with its financial and legal advisors to complete the remaining implementation steps to give effect to the proposed offshore debt restructuring as soon as practicable;

- (b) The Group will continue to seek for re-financing or extension of its existing bank and other borrowings and secure new project development loans for ensuring the delivery of property projects;
- (c) The Group timely adjusts its sales strategy to accelerate pre-sales and sales of properties and speed up collection of sales proceeds; and
- (d) The Group will continue to search for potential buyers for disposal of certain investment properties and non-core businesses in order to generate additional cash inflows.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2025. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited interim condensed consolidated financial statements on a going concern basis.

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS for the first time for the current period's financial information.

Amendments to HKAS 21 *Lack of Exchangeability*

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

3. OPERATING SEGMENT INFORMATION

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

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

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

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

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Sales of properties	17,482,222	23,925,857
Property management fees	629,537	603,302
Project management income	125,222	21,848
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Subtotal	18,236,981	24,551,007
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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	21,119	15,033
Other lease payments, including fixed payments	262,459	250,492
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Subtotal	283,578	265,525
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Total revenue	18,520,559	24,816,532
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An analysis of the Group's other income and gains is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other income and gains		
Bank interest income	8,101	18,379
Consultancy service income	19,713	15,673
Forfeiture income on deposits received	4,282	708
Gain on disposal of items of property and equipment, net	101	37
Gain on disposal of joint ventures, net	4,910	972
Gain on disposal of subsidiaries, net	7,650	–
Foreign exchange difference, net	–	127,186
Government grants	1,052	9,512
Others	22,046	29,083
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Total other income and gains	67,855	201,550
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5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank and other borrowings, senior notes and domestic bonds	1,193,868	1,350,657
Interest on lease liabilities	221	482
Increase in a discounted amount of provision for major overhauls arising from the passage of time	2,464	2,211
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Total interest expense on financial liabilities not at fair value through profit or loss	1,196,553	1,353,350
Less: Interest capitalised	(350,449)	(491,966)
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Total	846,104	861,384
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6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of properties sold	14,106,825	19,864,405
Cost of services provided	563,908	492,062
Depreciation of property and equipment	29,547	31,363
Depreciation of right-of-use assets	3,778	4,333
Amortisation of an intangible asset	83	83
Provision for major overhauls	3,558	–
Lease payments not included in the measurement of lease liabilities	232	271
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	352,797	303,793
Pension scheme contributions	65,378	44,668
Less: Amount capitalised	(51,613)	(68,223)
	366,562	280,238
Fair value loss on financial assets at fair value through profit or loss, net	2,740	35,617
Foreign exchange differences, net	66,834	(127,186)
Loss on disposal of investment properties	–	1,086
Impairment losses recognised on investments in joint ventures	–	521,294
Impairment losses recognised on amounts due from related parties	–	439,842
Gain on disposal of joint ventures, net	(4,910)	(972)
Gain on disposal of subsidiaries, net	(7,650)	–

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2024: Nil). Taxes on profits assessable in Chinese Mainland have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Current charge for the period:		
PRC corporate income tax	607,854	532,338
PRC land appreciation tax	468,409	279,035
Under-provision in prior periods, net:		
Chinese Mainland	—	75,332
	1,076,263	886,705
Deferred tax credited for the period	(152,931)	(190,268)
Total tax charge for the period	923,332	696,437

8. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 4,222,986,126 (six months ended 30 June 2024: 4,222,986,126) outstanding (excluding treasury shares) during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2025 and for the six months ended 30 June 2024 in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic loss per share amount presented.

10. TRADE RECEIVABLES

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

Consideration in respect of the sales of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group 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. 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.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. All trade receivables are non-interest-bearing.

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

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Current to 90 days	75,670	52,746
91 to 180 days	46,307	62,299
181 to 365 days	75,694	61,140
Over 365 days	68,876	105,725
Total	266,547	281,910

11. TRADE AND BILLS PAYABLES

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

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 1 year	13,552,866	13,487,076
Over 1 year	500,520	506,201
Total	14,053,386	13,993,277

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 the first half of 2025, the real estate market continued its adjustment, with a pronounced divergence in market performance. Sales in first- and strong second-tier cities stabilised, while some third- and fourth-tier cities remained under substantial adjustment pressure. The central and local governments actively optimised regulatory policies for the real estate market, facilitating a new equilibrium between supply and demand to promote the sustainable and healthy development of the sector.

Data from the National Bureau of Statistics shows that in the first half of 2025, the sales amount of newly developed national commodity house was approximately RMB4,424.1 billion, representing a decline of 5.5% as compared with the same period last year, including a 5.2% decrease in residential housing sales. The sales area of newly developed national commodity house was approximately 459 million sq.m., representing a decline of 3.5% as compared with the same period last year, including a 3.7% decrease in residential housing sales area.

BUSINESS REVIEW

Contracted Sales

For the six months ended 30 June 2025, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB3.743 billion, including the contracted sales amount of approximately RMB0.596 billion by the joint ventures and associates, and the contracted sales area of approximately 0.46 million sq.m., including the contracted sales area of approximately 0.07 million sq.m. by the joint ventures and associates, representing a significant year-on-year decrease of approximately 38.9% and 32.1%, respectively. The average selling price of properties during the period was RMB8,120 per sq.m.

In the first half of 2025, the real estate market still experienced a slowdown, with sluggish demand recovery and lingering supply-side pressures. The overall industry continued advancing through a bottoming-out process. China SCE adhered to its operational bottom line, prioritising “Ensuring Delivery” as its core mission. The Group ranked the 18th in the “Top Delivery Volume Rankings for Typical Chinese Real Estate Developers” in the first half of 2025, evidencing its determination and effectiveness in fulfilling the “Ensuring Delivery” mission. Confronting the headwinds of the current real estate market, the Group implemented flexible and diverse sales strategies tailored to market conditions. In order to improve sell-through rates and the cash collection rate, the experienced sales teams of the Group intensified their promotion effort to revitalise inventories, thereby alleviating the Group’s liquidity pressures and laying a solid foundation for its sustainable operations.

In the first half of 2025, the Group together with its joint ventures and associates had an aggregate of over 80 projects for sale in over 50 cities, mainly in second-tier cities and core areas of third- and fourth-tier cities.

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

By City

City	Contracted Sales Amount (RMB Million)	Contracted Sales Area (sq.m.)	Percentage of Contracted Sales Amount (%)
Hangzhou	448	21,096	12.0
Shantou	385	37,637	10.3
Nanjing	299	33,558	8.0
Beijing	282	10,325	7.5
Kunming	222	31,357	5.9
Quanzhou	180	24,781	4.8
Suzhou	148	12,043	4.0
Chongqing	136	32,229	3.6
Wenshan	123	17,138	3.3
Jieyang	117	17,555	3.1
Zhumadian	115	22,106	3.1
Shangrao	113	17,609	3.0
Others	1,175	183,523	31.4
Total	3,743	460,957	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	1,120	93,430	29.9
Central Western Region	1,069	183,943	28.6
Guangdong-Hong Kong-Macao Greater Bay Area	697	82,983	18.6
Bohai Rim Economic Zone	486	45,711	13.0
West Taiwan Strait Economic Zone	371	54,890	9.9
Total	3,743	460,957	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	291	13,290	7.8
Second-tier cities	1,527	160,129	40.8
Third- and fourth-tier cities	1,925	287,538	51.4
Total	3,743	460,957	100.0

From the perspective of city distribution, contracted sales in Hangzhou have been the most remarkable among the first- and second-tier cities, amounting to approximately RMB0.448 billion. With respect to the regional level, Yangtze River Delta Economic Zone ranked first in terms of contracted sales among all regions, with the contracted sales amounting to approximately RMB1.120 billion accounting for approximately 29.9% of the total contracted sales amount.

Land Bank

As at 30 June 2025, the Group together with its joint ventures and associates had a land bank with an aggregate planned gross floor area (“GFA”) of approximately 23.34 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 19.52 million sq.m.), distributing in 56 cities. From the perspective of geographic distribution, the total 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, Central Western Region, the West Taiwan Strait Economic Zone, and the Guangdong-Hong Kong-Macao Greater Bay Area accounted for 38.1%, 20.8%, 19.0%, 11.2% and 10.9%, respectively. Considering the tiers of cities, the total 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 11.6%, 51.8% and 36.6%, respectively.

Investment Properties

As at 30 June 2025, the Group together with its joint ventures and associates held 46 investment properties with a total GFA of approximately 3.60 million sq.m. (attributable GFA of approximately 3.28 million sq.m.), of which 28 investment properties had commenced operation. The Group together with its joint ventures and associates have investment properties in 26 cities, including Beijing, Shanghai, Xiamen, Hangzhou and Suzhou, among others, with its business covering shopping malls, long-term rental apartments, offices, commercial streets and shops.

OUTLOOK

In June 2025, the central government proposed “a multi-pronged approach to stabilise market expectations, stimulate demand, optimise supply, and mitigate risks, with intensified efforts to halt the decline and restore stability in the real estate market”. It emphasised the importance of a stable real estate market to economic growth and bolstering consumer spending. It is expected that the central government will intensify its efforts to implement a “Policy Package” for the real estate market in the second half of the year, continuing to promote healthy market development, fully unleash housing demand potential, and achieve stability and recovery in the entire real estate market.

In the second half of the year, the Group's property development sector will adopt a price-driven operation. By implementing more precise pricing strategies, we will accelerate the inventory turnover. Meanwhile, rigorous project cost control will be achieved through our refined tender management and targeted procurement strategies, thereby stabilising gross profit margins. In terms of the "Two Wings" sector, the Group will continue to unleash innovation and development resilience. Each SCE Funworld will focus on intensive operations and proactive adjustments, continuously optimising tenant-brand mixes, introducing high-demand brands, and building differentiated marketing edges. Our long-term rental apartment business will keep expanding in first- and strong second-tier cities. The Group will persist in refining its overall business layout, driving synergy across segments, and steadily enhancing both operational efficiency and brand value.

China SCE firmly believes that only through steadfast confidence, disciplined execution and an operations-driven focus on continuously enhancing quality and refining management can it stand out amid fierce market competition and achieve sustainable development.

FINANCIAL REVIEW

Revenue

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

The revenue decreased by 25.4% from approximately RMB24,816,532,000 in the first half of 2024 to approximately RMB18,520,559,000 in the first half of 2025, which was attributable to the decrease in property sales income.

- *Sales of properties*

Income from property sales decreased by 26.9% from approximately RMB23,925,857,000 in the first half of 2024 to approximately RMB17,482,222,000 in the first half of 2025. Decrease in income from property sales is primarily attributable to the decrease in the area of properties delivered and average unit selling price. Delivered property area decreased by 3.4% from 1,513,368 sq.m. in the first half of 2024 to 1,461,452 sq.m. in the first half of 2025. The average unit selling price decreased from RMB15,810 per sq.m. in the first half of 2024 to RMB11,962 per sq.m. in the first half of 2025.

- *Property management fees*

Property management fees increased by 4.3% from approximately RMB603,302,000 in the first half of 2024 to approximately RMB629,537,000 in the first half of 2025, which was mainly attributable to the increase in the number and floor area of properties under management.

- *Rental income*

Rental income increased by 6.8% from approximately RMB265,525,000 in the first half of 2024 to approximately RMB283,578,000 in the first half of 2025, which was mainly attributable to the contribution of rental income from newly opened shopping malls of SCE Funworld at the end of 2024.

Gross Profit

Gross profit decreased by 13.7% from approximately RMB4,459,982,000 in the first half of 2024 to approximately RMB3,849,743,000 in the first half of 2025. Gross profit margin increased from 18.0% in the first half of 2024 to 20.8% in the first half of 2025. The increase in gross profit margin was mainly due to the delivery of certain projects located in first- and second-tier cities with higher gross profit margins during the period.

Changes in Fair Value of Investment Properties, Net

Fair value losses of investment properties decreased by 26.1% from approximately RMB3,088,113,000 in the first half of 2024 to approximately RMB2,280,862,000 in the first half of 2025. The fair value losses were mainly attributable to the value depreciation of certain shopping malls of SCE Funworld and offices located in Beijing, Shanghai, Hefei, Suzhou and Fuzhou.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 10.6% from approximately RMB395,676,000 in the first half of 2024 to approximately RMB353,722,000 in the first half of 2025. Such decrease was primarily driven by the decrease in the number of projects for sale during the period.

Administrative Expenses

Administrative expenses increased slightly by 0.3% from approximately RMB627,537,000 in the first half of 2024 to approximately RMB629,726,000 in the first half of 2025.

Finance Costs

Finance costs decreased slightly by 1.8% from approximately RMB861,384,000 in first half of 2024 to approximately RMB846,104,000 in first half of 2025.

Income Tax Expense

Income tax expense increased significantly by 32.6% from approximately RMB696,437,000 in the first half of 2024 to approximately RMB923,332,000 in the first half of 2025. The increase in income tax expense during the period was mainly attributable to the increase in land appreciation tax and corporate income tax as a result of the increase in gross profit margin.

Loss Attributable to Owners of the Parent

Loss attributable to owners of the parent decreased by 5.5% from approximately RMB3,682,268,000 in the first half of 2024 to approximately RMB3,479,512,000 in the first half of 2025. The decrease in loss attributable to owners of the parent for the period was mainly attributable to the decrease in delivered properties, fair value losses of investment properties and provision of impairment for property projects.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2025, the Group's cash and bank balances were denominated in different currencies as set out below:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Renminbi	3,411,746	3,975,285
Hong Kong dollars	17,099	17,429
US dollars	26,939	52,303
Total cash and bank balances	<u>3,455,784</u>	<u>4,045,017</u>

According to the relevant laws and regulations of the PRC, certain property development companies of the Group are required to place certain amounts of cash and bank deposits into designated bank accounts to provide guarantees for the development of the relevant properties. As at 30 June 2025, the amount of restricted cash was approximately RMB959,753,000 (31 December 2024: RMB1,124,479,000).

Borrowings

The maturity profile of the borrowings of the Group as at 30 June 2025 was as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Bank and other borrowings:		
Within one year or on demand	11,298,819	11,241,555
In the second year	5,750,634	5,309,860
In the third to fifth years, inclusive	1,304,006	2,359,307
Beyond fifth years	791,997	893,377
	19,145,456	19,804,099
Senior notes and domestic bonds:		
Within one year or on demand	14,218,728	12,908,448
In the second year	750,602	2,225,300
In the third to fifth years, inclusive	455,417	480,719
	15,424,747	15,614,467
Total borrowings	34,570,203	35,418,566

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

	30 June 2025 RMB'000	31 December 2024 RMB'000
Bank and other borrowings:		
Renminbi	14,704,054	15,294,518
Hong Kong dollars	1,155,842	1,173,585
US dollars	3,285,560	3,335,996
	19,145,456	19,804,099
Senior notes and domestic bonds:		
Renminbi	2,706,019	2,706,019
US dollars	12,718,728	12,908,448
	15,424,747	15,614,467
Total borrowings	34,570,203	35,418,566

Gearing Ratio

The net gearing ratio was calculated by dividing the net debt (including bank and other borrowings, senior notes and domestic bonds after deduction of cash and cash equivalents and restricted cash) by total equity. As at 30 June 2025, the net gearing ratio was approximately 444.7% (31 December 2024: 296.8%).

Exchange Rate Fluctuation Exposures

The Group's businesses are located in the PRC and substantially all of the Group's revenue and operating expenses are denominated in RMB. The majority of the Group's assets and liabilities are denominated in RMB. As at 30 June 2025, except for certain bank deposits, financial assets at fair value through profit or loss, bank and other borrowings and senior notes, which were denominated in foreign currencies, exchange rate changes of RMB against foreign currencies will not have material adverse effect on the results of operations of the Group.

No foreign currency hedging arrangement was made as at 30 June 2025. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

CORPORATE GOVERNANCE

During the six months ended 30 June 2025, save as disclosed below, the Company and the Board had been in compliance with the code provisions in force during the period as set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules.

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

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

Mr. Ting Leung Huel Stephen, chairman of the Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the accounting policies adopted by the Group, the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and this interim results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct for securities transactions by the Directors. The Company has made specific enquiries of all Directors and all Directors have confirmed that they have strictly complied with the required standards set out in the Model Code during the period under review.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities (including sale of treasury shares) during six months ended 30 June 2025.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.sce-re.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The 2025 interim report of the Group containing the relevant information required by the Listing Rules will be published on the websites of the Company and of the Hong Kong Stock Exchange in due course.

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

Hong Kong, 28 August 2025

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