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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)

**ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB1,212.9 million.
- Gross profit margin was approximately 29.3%.
- Profit attributable to owners of the parent was approximately RMB57.0 million.
- The total contracted gross floor area (“GFA”) and GFA under management were approximately 47.3 million sq.m. and 34.4 million sq.m., respectively.

The board (the “**Board**”) of directors (the “**Directors**”) of SCE Intelligent Commercial Management Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Revenue	5	1,212,949	1,247,682
Cost of sales		<u>(858,043)</u>	<u>(837,943)</u>
Gross profit		354,906	409,739
Other income and gains	5	73,059	142,982
Selling and marketing expenses		(7,866)	(9,818)
Administrative expenses		(296,386)	(193,022)
Finance cost	6	(253)	(122)
Share of profit of a joint venture		<u>1,043</u>	<u>333</u>
PROFIT BEFORE TAX	7	124,503	350,092
Income tax expense	8	<u>(66,233)</u>	<u>(86,846)</u>
PROFIT FOR THE YEAR		<u>58,270</u>	<u>263,246</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Other comprehensive income/(expense) that may not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(2,565)</u>	<u>12,317</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>(2,565)</u>	<u>12,317</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>55,705</u>	<u>275,563</u>

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

Year ended 31 December 2024

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Profit attributable to:			
Owners of the parent		56,957	257,048
Non-controlling interests		1,313	6,198
		<u>58,270</u>	<u>263,246</u>
 Total comprehensive income attributable to:			
Owners of the parent		54,392	269,365
Non-controlling interests		1,313	6,198
		<u>55,705</u>	<u>275,563</u>
 EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT	<i>10</i>		
 Basic and diluted		<u>RMB2.9 cents</u>	<u>RMB12.9 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property and equipment		36,142	32,204
Investment properties		996,686	1,026,077
Intangible asset		147	400
Prepayments		5,024	6,096
Amount due from a related party	<i>11</i>	747,756	–
Investment in a joint venture		2,619	2,259
Deferred tax assets		56,198	58,921
		<hr/>	<hr/>
Total non-current assets		1,844,572	1,125,957
		<hr/>	<hr/>
CURRENT ASSETS			
Trade receivables	<i>12</i>	264,062	274,428
Prepayments, deposits and other receivables		103,963	202,729
Amount due from a related party	<i>11</i>	–	635,853
Cash and cash equivalents		1,299,809	1,157,372
		<hr/>	<hr/>
Total current assets		1,667,834	2,270,382
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	<i>13</i>	135,803	118,377
Other payables and accruals		328,278	306,139
Contract liabilities		261,894	253,312
Tax payable		49,375	41,958
		<hr/>	<hr/>
Total current liabilities		775,350	719,786
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*31 December 2024*

	2024	2023
	RMB'000	RMB'000
NET CURRENT ASSETS	892,484	1,550,596
TOTAL ASSETS LESS CURRENT LIABILITIES	2,737,056	2,676,553
NON-CURRENT LIABILITIES		
Lease liabilities	1,870	–
Deferred tax liabilities	1,301	100
Total non-current liabilities	3,171	100
Net assets	2,733,885	2,676,453
EQUITY		
Equity attributable to owners of the parent		
Issued capital	16,024	16,024
Reserves	2,695,840	2,639,721
	2,711,864	2,655,745
Non-controlling interests	22,021	20,708
Total equity	2,733,885	2,676,453

NOTES:

1. CORPORATE INFORMATION

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 addresses of the principal place of business of the Company in the People's Republic of China (the "PRC") and Hong Kong are 5/F, 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 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.

The Group was involved in the provision of property management services and commercial operational services in the PRC during the year.

In the opinion of the Directors, 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.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards ("HKFRSs") (which include all HKFRS Accounting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. 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 2024.

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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and 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 adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

4. 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 operations in Mainland China for the years ended 31 December 2024 and 2023 and the non-current assets of the Group were substantially located in Mainland China as at 31 December 2024 and 2023.

Information about major customers

During the year ended 31 December 2024, there is 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 total revenue (2023: Revenue from the China SCE Group contributed approximately 12% of the Group's total revenue).

5. REVENUE, OTHER INCOME AND GAINS

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Types of goods or services		
<i>Revenue from contracts with customers</i>		
Property management services	951,713	883,447
Value-added services	230,070	340,504
Commercial operational services	–	15,129
	<hr/>	<hr/>
Subtotal	1,181,783	1,239,080
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	2,447	507
Other lease payments, including fixed payments	28,719	8,095
	<hr/>	<hr/>
Subtotal	31,166	8,602
	<hr/>	<hr/>
Total revenue	1,212,949	1,247,682
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Other income and gains

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank interest income	8,518	40,065
Interest income from a related party	53,946	45,451
Gain on bargain purchase	–	44,051
Gain on disposal of items of property and equipment, net	99	5
Forfeiture income on deposits received	953	480
Government grants	9,131	12,212
Foreign exchange gain, net	–	124
Others	412	594
	<hr/>	<hr/>
	73,059	142,982
	<hr/> <hr/>	<hr/> <hr/>

6. FINANCE COST

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interests on lease liabilities	<u>253</u>	<u>122</u>

7. PROFIT BEFORE TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of services provided	858,043	837,943
Depreciation of property and equipment	15,324	15,708
Depreciation of right-of-use assets	3,126	3,973
Depreciation of investment properties	29,391	264
Amortisation of an intangible asset	253	253
Gain on bargain purchase	–	(44,051)
Gain on disposal of property and equipment, net	(99)	(5)
Lease payments not included in the measurement of lease liabilities	11,378	13,558
Auditor's remuneration	1,200	1,580
Employee benefit expense (including directors' remuneration):		
Salaries, bonuses and benefits in kind	454,411	466,167
Share-based payment expenses	1,727	1,693
Pension scheme contributions	<u>81,280</u>	<u>81,700</u>
	<u>537,418</u>	<u>549,560</u>
Impairment losses of trade receivables, net	91,210	1,242
Impairment losses/(reversal of impairment losses) of amount due from a related party	3,361	(406)
Impairment loss of goodwill	–	748
Foreign exchange loss/(gain), net	<u>713</u>	<u>(124)</u>

8. 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 year as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil).

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax ("CIT") at a rate of 25% for the years. 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%.

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current charge for the year:		
PRC CIT	58,365	83,264
Under-provision in prior years:		
Mainland China	3,944	2,657
	62,309	85,921
Deferred	3,924	925
Total tax charge for the year	66,233	86,846

9. DIVIDENDS

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2024 (2023: Nil). No interim dividend was declared in respect of the current year (2023: Nil).

10. 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 attributable to ordinary equity holders of the parent of approximately RMB56,957,000 (2023: RMB257,048,000), and the weighted average number of ordinary shares of 1,935,000,000 (2023: 1,998,945,000) outstanding (excluding treasury shares) during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

11. AMOUNT DUE FROM A RELATED PARTY

The non-trade amount due from a related party is secured, bears fixed interest at 7% per annum and not repayable (2023: repayable) within the next twelve months.

12. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables from related companies	159,548	152,694
Trade receivables from independent third parties	<u>201,982</u>	<u>127,992</u>
	361,530	280,686
Less: Impairment losses of trade receivables	<u>(97,468)</u>	<u>(6,258)</u>
	<u><u>264,062</u></u>	<u><u>274,428</u></u>

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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current to 90 days	50,974	125,250
91 to 180 days	45,717	67,012
181 to 365 days	60,108	39,068
Over 365 days	107,263	43,098
	<u>264,062</u>	<u>274,428</u>

13. 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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current to 90 days	101,012	92,469
91 to 365 days	29,209	23,347
Over 365 days	5,582	2,561
	<u>135,803</u>	<u>118,377</u>

Trade payables are unsecured and interest-free and are normally settled based on 30 to 120 days' term.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a service provider focusing on 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 31 December 2024, there were 35 contracted commercial properties with a total contracted GFA of approximately 4.5 million sq.m. and 17 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 31 December 2024, there were 219 contracted residential projects with a total contracted GFA of approximately 42.8 million sq.m. and 203 residential projects under management with a total GFA under management of approximately 32.5 million sq.m..

BUSINESS REVIEW

During the year ended 31 December 2024 (the “**Year**”), the Group’s business comprised the following major business segments, namely (i) commercial property management and operational services; and (ii) residential property management services.

During the Year, the Group’s revenue by business segment is as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Commercial property management and operational services	396,551	415,909
Residential property management services	816,398	831,773
Total	<u>1,212,949</u>	<u>1,247,682</u>

Commercial property management and operational services

During the Year, the Group's commercial property management and operational services segment recorded total revenue of approximately RMB396.6 million, representing a year-on-year decrease of approximately 4.7%; GFA under management of approximately 1.9 million sq.m., representing a year-on-year decrease of approximately 8.0%; the number of projects under management of 17 projects, representing a year-on-year decrease of two projects; and contracted GFA of approximately 4.5 million sq.m., representing a year-on-year decrease of approximately 9.0%.

During the Year, 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:

	Year ended 31 December					
	2024			2023		
	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	1,701	449	91,582	2,098	698	148,032
West Taiwan Strait Economic Zone	829	657	127,384	879	571	141,197
Bohai Rim Economic Zone	739	379	122,093	739	379	92,102
Guangdong-Hong Kong-Macao						
Greater Bay Area	611	266	33,393	611	266	12,980
Central Western Region	623	112	22,099	623	112	21,598
Total	<u>4,503</u>	<u>1,863</u>	<u>396,551</u>	<u>4,950</u>	<u>2,026</u>	<u>415,909</u>

Certain information of the Group's commercial properties under management as at 31 December 2024 and 2023 is set out below:

Project	Opening Date	Property Type	Location	Geographic Region	Occupancy Rate		GFA under Management	
					2024	2023	2024	2023
					As at 31 December			
					%	%	sq.m.	sq.m.
Xiamen SCE Building	January 2007	Office building	Xiamen	West Taiwan Strait Economic Zone	N/A	88.8	N/A	50,309
Beijing CBD SCE Funworld	September 2009	Shopping street	Beijing	Bohai Rim Economic Zone	80.7	87.8	54,484	54,484
Quanzhou SCE Funworld	May 2014	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	93.0	92.6	180,929	180,929
Shanghai SCE Plaza Phase One	June 2017	Office building	Shanghai	Yangtze River Delta Economic Zone	N/A	100.0	N/A	218,471
Shanghai SCE Plaza Phase Two	July 2018	Office building	Shanghai	Yangtze River Delta Economic Zone	N/A	70.0	N/A	126,525
Quanzhou SCE Plaza Office Building	August 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	77.1	86.2	45,972	45,972
Shishi Fortune Center	September 2018	Office building	Quanzhou	West Taiwan Strait Economic Zone	81.2	79.7	33,380	33,380
Nan'an SCE Funworld	December 2018	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	98.7	99.4	72,618	72,618
Tianyue	October 2020	Office building	Shanghai	Yangtze River Delta Economic Zone	N/A	80.7	N/A	52,499
Shuitou SCE Funworld	December 2020	Shopping mall	Quanzhou	West Taiwan Strait Economic Zone	87.1	86.0	105,290	105,290
Xianyou SCE Funworld	December 2020	Shopping mall	Putian	West Taiwan Strait Economic Zone	95.0	92.5	82,678	82,678
Taizhou SCE Funworld	December 2021	Shopping mall	Taizhou	Yangtze River Delta Economic Zone	89.2	90.8	199,625	199,625

Project	Opening Date	Property Type	Location	Geographic Region	Occupancy Rate		GFA under Management	
					As at 31 December		2024	2023
					2024	2023	2024	2023
					%	%	sq.m.	sq.m.
Heyuan SCE Funworld	December 2021	Shopping mall	Heyuan	Guangdong-Hong Kong- Macao Greater Bay Area	81.2	75.5	111,084	111,084
Pingdingshan SCE Funworld	December 2021	Shopping mall	Pingdingshan	Central Western Region	95.6	99.2	111,142	111,142
Zhangjiagang SCE Funworld	December 2021	Shopping mall	Suzhou	Yangtze River Delta Economic Zone	97.2	97.2	100,825	100,825
Gaomi SCE Funworld	December 2022	Shopping mall	Weifang	Bohai Rim Economic Zone	93.5	96.9	143,634	143,634
Tangshan SCE Funworld	March 2023	Shopping mall	Tangshan	Bohai Rim Economic Zone	98.4	92.2	78,048	78,048
Beijing West Chang'an SCE Funworld	March 2023	Shopping mall	Beijing	Bohai Rim Economic Zone	95.2	99.5	103,453	103,453
Shantou SCE Funworld	December 2023	Shopping mall	Shantou	Guangdong-Hong Kong- Macao Greater Bay Area	82.2	92.6	154,710	154,710
Kunshan Huaqiao SCE Funworld	October 2024	Shopping mall	Shanghai	Yangtze River Delta Economic Zone	91.8	N/A	148,826	N/A
Fuzhou SCE Funworld	December 2024	Shopping mall	Fuzhou	West Taiwan Strait Economic Zone	91.5	N/A	136,213	N/A
Total					90.3	90.2	1,862,911	2,025,676

The commercial property management market continues to present both opportunities and challenges in 2024. Faced with increasing industry uncertainties and ever-changing consumption patterns, the Group is keenly aware of the fact that improvement in operation of shopping malls always stems from the growth of tenants' performance. Therefore, the Group will continue to uphold a performance-oriented management philosophy, promote steady improvement in project performance through its professional operational capabilities, and develop a structured core competitive advantage.

Based on the urban commercial vision of "A Funworld Makes Every City Wonderful", the Group consistently customises commercial contents according to city characteristics, customer needs and competitive environment. Emphasising the business philosophy of "Store-specific Policies", the Group observes the market trends, keeps pace with the new consumer trends and introduces commercial contents and diversified business combinations that align with project positioning. Through this strategic approach, the Group continuously enhances customers' consumption experience and generates differentiated competitive advantages by means of innovative and cutting-edge business practices.

2024 is a year of continuous advancement for the Group. The opening of "Urban Outlet Mall" of Huaqiao SCE Funworld represented another implementation of the Group's new business model under the emerging consumer trend. The Urban Outlet model has thus entered a phase of scaled development. The business model of "Shopping Mall Content Selection" and "Outlet Retail Selection" breaks through the unidimensionality of the traditional outlets of pure shopping, and it is an innovative exploration in line with the changing consumption patterns. It fully proves the professional quality of the Group's management team, which enables them to maintain both business content innovation and high-quality service levels in the face of severe market changes. Moreover, the opening of Fuzhou SCE Funworld at the end of the year marked the Group's fifth shopping mall in Fujian, which is a firm implementation of the strategy of "Regional Focus" of the Group. Targeting the main customer group of "Generation Z", the mall features trendy and fashionable commercial contents including "Largest Anime Space in Fujian" to accurately capture the new consumption trend among young people.

Under the guidance of the strategic concept of "Collaborative Symbiosis", the Group has established its own supplier brand library through the "Commodity Hierarchical Management Mode" by connecting with well-known domestic and foreign brands. The Group promotes synergy through operational collaboration and joint marketing efforts, and consolidates the advantageous resources of both shopping malls and merchants, so as to enhance the operating data of the brands. At the same time, the Group supports smaller brands to achieve a win-win situation for mutual benefits. To date, the Group has over 2,500 strategic partnership brands, implementing the business philosophy of "Altruism and Win-Win" and working hand-in-hand with its partners to truly transform into a commercially influential management enterprise.

Residential Property Management Services

During the Year, the Group's residential property management services segment recorded total revenue of approximately RMB816.4 million, representing a year-on-year slight decrease of approximately 1.8%; GFA under management was approximately 32.5 million sq.m., representing a year-on-year increase of approximately 16.4%; the number of projects under management was 203 projects, representing an increase of 30 projects; and contracted GFA was approximately 42.8 million sq.m., representing a year-on-year slight decrease of approximately 0.9%.

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

	Year ended 31 December					
	2024			2023		
	Contracted GFA <i>sq.m.</i> (in thousands)	GFA under Management <i>sq.m.</i> (in thousands)	Revenue <i>RMB</i>	Contracted GFA <i>sq.m.</i> (in thousands)	GFA under Management <i>sq.m.</i> (in thousands)	Revenue <i>RMB</i>
Yangtze River Delta Economic Zone	9,039	6,440	141,290	8,963	5,169	158,317
West Taiwan Strait Economic Zone	16,162	14,604	395,786	16,167	13,149	375,851
Bohai Rim Economic Zone	5,463	3,671	113,546	6,281	3,968	133,749
Guangdong-Hong Kong-Macao Greater Bay Area	4,393	2,446	59,652	4,244	1,651	56,701
Central Western Region	7,702	5,328	106,124	7,489	3,966	107,155
Total	<u>42,759</u>	<u>32,489</u>	<u>816,398</u>	<u>43,144</u>	<u>27,903</u>	<u>831,773</u>

FINANCIAL REVIEW

Revenue

Revenue slightly decreased by approximately 2.8% from approximately RMB1,247.7 million in 2023 to approximately RMB1,212.9 million in 2024.

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

	Year ended 31 December			
	2024		2023	
	Revenue	Percentage	Revenue	Percentage
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Commercial property management and operational services				
Basic commercial property management services	248,026	20.5	262,482	21.0
Pre-opening management services	–	–	15,129	1.2
Other value-added services and rental income	148,525	12.2	138,298	11.1
Subtotal	396,551	32.7	415,909	33.3
Residential property management services				
Basic residential property management services	703,687	58.0	620,965	49.8
Value-added services to non-property owners	15,604	1.3	105,484	8.5
Community value-added services	97,107	8.0	105,324	8.4
Subtotal	816,398	67.3	831,773	66.7
Total	1,212,949	100.0	1,247,682	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 decreased by approximately 5.5% from approximately RMB262.5 million in 2023 to approximately RMB248.0 million in 2024, accounting for approximately 20.5% of the revenue. This was due to the decrease in GFA under management.

Other Value-added Services and Rental Income

The Group's other value-added services and rental income mainly include tenant management, rental collection, parking lot management, advertising space and other common area management services provided after the opening of commercial properties, and rental income. The Group's revenue from other value-added services and rental income increased by approximately 7.4% from approximately RMB138.3 million in 2023 to approximately RMB148.5 million in 2024, accounting for approximately 12.2% of the revenue. This was due to the combined effect of decrease in GFA under management and additional rental income as a result of a newly acquired outlet-based shopping mall located in Beijing in the end of 2023.

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 13.3% from approximately RMB621.0 million in 2023 to approximately RMB703.7 million in 2024, accounting for approximately 58.0% of the 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 owner 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 85.2% from approximately RMB105.5 million in 2023 to approximately RMB15.6 million in 2024, accounting for approximately 1.3% of the revenue. This was due to the significant decrease in the revenue from the provision of sales office management services and pre-delivery inspection services.

Gross Profit

Gross profit decreased by approximately 13.4% from approximately RMB409.7 million in 2023 to approximately RMB354.9 million in 2024. The overall gross profit margin decreased from approximately 32.8% in 2023 to approximately 29.3% in 2024. The decrease in gross profit margin was mainly due to the depreciation of a newly acquired self-owned shopping mall in the end of 2023 and the significant decrease in the revenue derived from value-added services with higher gross profit margins.

Other Income and Gains

Other income and gains decreased significantly by approximately 48.9% from approximately RMB143.0 million in 2023 to approximately RMB73.1 million in 2024. The decrease in other income and gains was mainly due to the significant decrease in bank interest income and one-off gain on bargain purchase from the acquisition of the entire issued share capital of Mega Time Developments Limited in 2023.

Administrative Expenses

Administrative expenses increased significantly by approximately 53.6% from approximately RMB193.0 million in 2023 to approximately RMB296.4 million in 2024. The increase in administrative expenses was mainly due to the impairment losses of trade receivables.

Income Tax Expense

Income tax expense decreased by approximately 23.7% from approximately RMB86.8 million in 2023 to approximately RMB66.2 million in 2024. Income tax expense as a percentage of profit before taxation increased from approximately 24.8% in 2023 to approximately 53.2% in 2024, mainly resulted from the impairment losses of trade receivables which was not deductible for tax purposes.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent decreased significantly by approximately 77.8% from approximately RMB257.0 million in 2023 to approximately RMB57.0 million in 2024. The decrease in profit attributable to owners of the parent was primarily due to the effects of: (1) decrease in the revenue derived from value-added services with higher gross profit margins; and (2) impairment losses of trade receivables, due to the unfavourable macroeconomic environment. Basic earnings per share amounted to approximately RMB2.9 cents in 2024.

Amount Due From a Related Party

The Group's amount due from a related party was a loan advanced to China SCE Group at an interest rate of 7.0% per annum. From 1 January 2025, the interest rate shall be adjusted to 5.5% per annum. The maturity date of the loan shall be extended for two years from 31 December 2024 to 31 December 2026.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2024, the Group's cash and bank balances were denominated in different currencies as set out below:

	31 December 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Renminbi	1,254,600	1,150,187
Hong Kong dollars	635	5,116
US dollars	44,574	2,069
	<hr/>	<hr/>
Total cash and bank balances	<u>1,299,809</u>	<u>1,157,372</u>

Borrowings and Pledge of Assets

As at 31 December 2024, the Group did not incur any borrowings (31 December 2023: Nil). As at 31 December 2024, none of the Group's assets were restricted or pledged (31 December 2023: Nil).

The gearing ratio was calculated by dividing the net amount of interest-bearing borrowings by total equity. As at 31 December 2024, the gearing ratio was nil (31 December 2023: 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 31 December 2024, 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 31 December 2024 (31 December 2023: Nil). 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 Friday, 30 May 2025. Notice of the Annual General Meeting will be issued to the shareholders of the Company in accordance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange in due course.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

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 Friday, 30 May 2025, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, during which no transfer of shares can be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents should be lodged for registration with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 26 May 2025.

AUDIT COMMITTEE

The Company established an audit committee of the Board (the “**Audit Committee**”) on 10 June 2021 in compliance with rule 3.21 of the Listing Rules. As at 31 December 2024, the Audit Committee comprises three independent non-executive Directors, with Mr. Pang Hon Chung as the chairman, and Mr. Wang Yongping and Mr. Ding Zuyu as members. Mr. Pang Hon Chung, 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 2024 and this annual results announcement.

SCOPE OF WORK OF PRISM HONG KONG LIMITED

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 2024 as set out in this preliminary announcement have been agreed by the Company's external auditor, Prism Hong Kong Limited ("**Prism**"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Prism in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Prism 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 (the "**Model Code**") set out in Appendix C3 to the Listing Rules 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 required standards set out in the Model Code during the Year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Year. The Company did not hold any treasury share during the Year.

CORPORATE GOVERNANCE

During the Year, the Company and the Board had been in compliance with the code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules.

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

This results announcement of the Company for the Year is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.sce-icm.com.

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

Hong Kong, China, 28 March 2025

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