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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 Codes: 40444 and 40590)

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

FINANCIAL HIGHLIGHTS

- Contracted sales amount was approximately RMB11,226,075,000.
- Revenue increased significantly by approximately 94.5% to approximately RMB40,770,075,000.
- Gross profit margin increased by approximately 2.7 percentage points to approximately 15.3%.
- Loss attributable to owners of the parent was approximately RMB7,863,349,000.

The board (the “**Board**”) of directors (the “**Directors**”) of China SCE Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**China SCE**”) 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 RMB’000	2023 <i>RMB’000</i>
REVENUE	5	40,770,075	20,960,968
Cost of sales		<u>(34,534,538)</u>	<u>(18,329,976)</u>
Gross profit		6,235,537	2,630,992
Other income and gains	5	286,830	660,818
Changes in fair value of investment properties, net		(5,051,706)	(3,754,084)
Selling and marketing expenses		(707,896)	(802,420)
Administrative expenses		(1,219,167)	(1,710,180)
Write down to net realisable value of completed properties held for sale and properties under development		(3,524,633)	(2,951,850)
Other expenses		(1,468,888)	(877,699)
Finance costs	6	(1,893,627)	(1,492,343)
Share of profits and losses of:			
Joint ventures		307,164	(191,285)
Associates		39,766	276,431
LOSS BEFORE TAX	7	(6,996,620)	(8,211,620)
Income tax expense	8	<u>(937,852)</u>	<u>(189,504)</u>
LOSS FOR THE YEAR		<u>(7,934,472)</u>	<u>(8,401,124)</u>

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

Year ended 31 December 2024

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
OTHER COMPREHENSIVE INCOME/(EXPENSE):		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(expense) of joint ventures	(6,978)	407
Exchange differences on translation of foreign operations	(466,013)	(506,437)
Exchange fluctuation reserve released upon disposal of subsidiaries	—	6,355
	<u> </u>	<u> </u>
Net other comprehensive expense that may be reclassified to profit or loss in subsequent periods	(472,991)	(499,675)
	<u> </u>	<u> </u>
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR	(472,991)	(499,675)
	<u> </u>	<u> </u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(8,407,463)	(8,900,799)
	<u> </u>	<u> </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>
Loss attributable to:			
Owners of the parent		(7,863,349)	(7,991,050)
Non-controlling interests		<u>(71,123)</u>	<u>(410,074)</u>
		<u>(7,934,472)</u>	<u>(8,401,124)</u>
Total comprehensive loss attributable to:			
Owners of the parent		(8,327,966)	(8,452,222)
Non-controlling interests		<u>(79,497)</u>	<u>(448,577)</u>
		<u>(8,407,463)</u>	<u>(8,900,799)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>10</i>		
Basic and diluted		<u>RMB(186.2)cents</u>	<u>RMB(189.2) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	<i>Note</i>	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property and equipment		707,095	725,257
Investment properties		26,799,100	33,880,100
Intangible asset		2,319	2,486
Properties under development		5,843,494	8,625,734
Contract in progress		110,979	153,627
Investments in joint ventures		2,077,866	3,118,969
Investments in associates		832,847	864,167
Prepayments and other assets		663,056	705,926
Deferred tax assets		886,666	1,150,968
		<hr/>	<hr/>
Total non-current assets		37,923,422	49,227,234
CURRENT ASSETS			
Properties under development		58,834,211	83,747,682
Completed properties held for sale		10,340,488	6,253,504
Trade receivables	<i>11</i>	281,910	198,330
Prepayments, other receivables and other assets		11,631,331	15,062,723
Financial assets at fair value through profit or loss		158,339	344,135
Due from related parties		2,534,330	4,065,231
Prepaid income tax		2,536,178	2,541,922
Restricted cash		1,124,479	1,564,401
Cash and cash equivalents		2,920,538	4,884,525
		<hr/>	<hr/>
Total current assets		90,361,804	118,662,453

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2024

	<i>Note</i>	2024 RMB'000	2023 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	12	13,993,277	11,650,518
Other payables and accruals		10,030,025	8,807,854
Contract liabilities		48,082,677	80,838,861
Interest-bearing bank and other borrowings		11,241,555	9,817,976
Senior notes and domestic bonds		12,908,448	13,613,559
Due to related parties		2,407,084	2,588,416
Tax payable		5,354,942	4,215,624
		<hr/>	<hr/>
Total current liabilities		104,018,008	131,532,808
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(13,656,204)	(12,870,355)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		24,267,218	36,356,879
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		8,562,544	10,275,584
Senior notes and domestic bonds		2,706,019	2,200,000
Lease liabilities		3,093	6,381
Deferred tax liabilities		2,326,347	3,303,940
Provision for major overhauls		99,342	88,648
		<hr/>	<hr/>
Total non-current liabilities		13,697,345	15,874,553
		<hr/>	<hr/>
Net assets		10,569,873	20,482,326
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		365,138	365,138
Reserves		1,330,890	9,358,611
		<hr/>	<hr/>
		1,696,028	9,723,749
Non-controlling interests		8,873,845	10,758,577
		<hr/>	<hr/>
Total equity		10,569,873	20,482,326
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NOTES:

1. CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The addresses of the principal place of business of the Company in the People's Republic of China (the "PRC") and Hong Kong are SCE Tower, No. 2, Lane 1688, Shenchang Road, Hongqiao Business District, Shanghai, China; and Room 2801, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong, respectively.

The Group was principally engaged in property development, property investment, property management, project management and land development in the PRC during the year.

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

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with 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, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 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 exchange fluctuation 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.

Going concern basis

The Group recorded a loss attributable to owners of the parent of approximately RMB7.863 billion for the year ended 31 December 2024. As at 31 December 2024, the Group recorded net current liabilities of RMB13.656 billion. As at 31 December 2024, the interest-bearing bank and other borrowings, senior notes and domestic bonds of the Group amounted to approximately RMB35.419 billion, while its cash and cash equivalents amounted to approximately RMB2.921 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 31 December 2024, the Group's defaulted or cross-defaulted principal and accrued interest of offshore senior notes and certain interest-bearing bank and other borrowings amounted to approximately RMB19.671 billion and RMB2.302 billion respectively.

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 has been actively working with its advisers to assess its current financial and operational conditions, with a view to formulating a holistic solution that is in the best interests of all stakeholders and facilitate a long term sustainable capital structure of the Group. The Company has been constructively engaging with its offshore creditors and their respective advisers towards a consensual restructuring of the Group's relevant offshore indebtedness. Please refer to the announcement dated 28 November 2024 for further details;
- (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 31 December 2024. 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 31 December 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the 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 holistic restructuring of its offshore indebtedness;
- (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 consolidated financial statements.

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

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

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

During the years ended 31 December 2024 and 31 December 2023, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers		
Sales of properties	38,843,471	19,095,549
Property management fees	1,201,595	1,164,184
Project management income	103,727	171,555
Land development income	42,648	–
Subtotal	<u>40,191,441</u>	<u>20,431,288</u>
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	30,969	26,782
Other lease payments, including fixed payments	547,665	502,898
Subtotal	<u>578,634</u>	<u>529,680</u>
Total revenue	<u><u>40,770,075</u></u>	<u><u>20,960,968</u></u>
Other income and gains		
Bank interest income	29,998	98,096
Consultancy service income	27,078	28,727
Forfeiture income on deposits received	22,911	25,993
Gain on disposal of items of property and equipment, net	1,008	1,471
Gain on disposal of joint ventures, net	71,402	–
Gain on disposal of subsidiaries, net	–	169,817
Foreign exchange differences, net	65,158	62,589
Gain on repurchase of senior notes	–	131,496
Government grants	21,628	33,672
Others	47,647	108,957
Total other income and gains	<u><u>286,830</u></u>	<u><u>660,818</u></u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings, senior notes and domestic bonds	2,800,896	2,703,922
Interest on lease liabilities	959	1,490
Increase in a discounted amount of provision for major overhauls arising from the passage of time	4,420	3,950
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	2,806,275	2,709,362
Less: Interest capitalised	(912,648)	(1,217,019)
	<hr/>	<hr/>
Total	<u>1,893,627</u>	<u>1,492,343</u>

7. LOSS BEFORE TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of properties sold	33,412,335	17,475,980
Cost of services provided	1,122,036	853,829
Depreciation of property and equipment	52,726	80,427
Depreciation of right-of-use assets	7,493	22,145
Amortisation of an intangible asset	167	167
Provision for major overhauls	6,809	6,515
Lease payments not included in the measurement of lease liabilities	902	8,121
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	17	78
Auditor's remuneration	4,700	7,250
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	556,217	837,385
Pension scheme contributions	103,845	106,104
Less: Amount capitalised	<u>(129,656)</u>	<u>(217,611)</u>
Total	<u>530,406</u>	<u>725,878</u>
Foreign exchange differences, net	(65,158)	(62,589)
Fair value loss on financial assets at fair value through profit or loss, net	36,965	45,774
Gain on disposal of subsidiaries, net	–	(169,817)
Loss on disposal of investment properties, net	26,253	87,356
Impairment losses of trade receivables, net	43,198	2,948
Impairment losses recognised on investments in joint ventures and associates	695,043	172,392
Impairment losses recognised on amounts due from related parties	773,845	705,307
Fair value loss on reassessment at investments in joint ventures	–	61,356
Loss on disposal of associates	–	29,107
Loss/(gain) on disposal of joint ventures, net	<u>(71,402)</u>	<u>93,273</u>

8. INCOME TAX

Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil).

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current charge for the year:		
PRC corporate income tax	899,301	633,137
PRC land appreciation tax	534,762	90,588
Under-provision in prior years, net:		
Mainland China	<u>217,080</u>	<u>136,626</u>
	1,651,143	860,351
Deferred tax credited for the year	<u>(713,291)</u>	<u>(670,847)</u>
Total tax charge for the year	<u><u>937,852</u></u>	<u><u>189,504</u></u>

9. DIVIDENDS

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2024 (2023: Nil).

10. 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 year attributable to owners of the parent, and the weighted average number of ordinary shares of 4,222,986,126 (2023: 4,222,986,126) in issue (excluding treasury shares) during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2024 and for the year ended 31 December 2023 in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic loss per share amount presented.

11. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	328,056	201,278
Less: Impairment losses of trade receivables	<u>(46,146)</u>	<u>(2,948)</u>
	<u>281,910</u>	<u>198,330</u>

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

Consideration in respect of the sales of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services. The Group generally grants a rent-free period of three months to the lessees of the Group's investment properties, extending up to six months for major customers.

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

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current to 90 days	112,961	113,710
91 to 180 days	127,342	60,892
181 to 365 days	39,421	20,956
Over 365 days	<u>2,186</u>	<u>2,772</u>
Total	<u>281,910</u>	<u>198,330</u>

12. TRADE AND BILLS PAYABLES

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	13,487,076	11,103,591
Over 1 year	<u>506,201</u>	<u>546,927</u>
Total	<u>13,993,277</u>	<u>11,650,518</u>

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

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to the going concern

We draw attention to note 2.1 to the consolidated financial statements which states that, the Group recorded a loss attributable to owners of the parent of approximately RMB7.863 billion for the year ended 31 December 2024 and, as of that date, the Group’s net current liabilities amounted to approximately RMB13,656 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 31 December 2024, the interest-bearing bank and other borrowings, senior notes and domestic bonds of the Group amounted to approximately RMB35.419 billion, while its cash and cash equivalents amounted to approximately RMB2.921 billion.

This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have considered the plans and measures being taken by the Group, which is disclosed at note 2.1 to the consolidated financial statements, are of the opinion that the Group would be able to continue as going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the plans and measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2024, the real estate industry in the PRC continued its adjustment. Both the sales amount and area of commodity houses continued to decline. Amid weakening demand in the real estate market, the central and local governments continued to relax real estate control policies and introduce new policies to promote stability and recovery in the real estate market. These policies included removal of purchase restriction, sales restriction, price limit, etc., and reduction of down payment ratio and mortgage interest rate, hence significantly mitigating the capital pressure of house purchase. As the impact of the policies are becoming apparent, the real estate market is expected to bottom out.

In 2024, the sales of newly developed national commodity houses amounted to approximately RMB9,675.0 billion, representing a year-on-year decrease of 17.1%, including a 17.6% decrease in residential housing sales. The sales area of newly developed national commodity houses amounted to approximately 974 million sq.m., representing a year-on-year decrease of 12.9%, including a 14.1% decrease in residential housing sales area.

BUSINESS REVIEW

Contracted Sales

In 2024, the Group together with its joint ventures and associates achieved contracted sales amounted to approximately RMB11.226 billion for the year, and contracted sales area of approximately 1.23 million sq.m., representing a year-on-year significant decrease of approximately 59.6% and 46.5%, respectively. The average property selling price during the year was RMB9,161 per sq.m.

In 2024, the Group together with its joint ventures and associates had an aggregate of over 80 projects for sales 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 year are set out below:

By City

City	Contracted Sales Amount (RMB Million)	Contracted Sales Area (sq.m.)	Percentage of Contracted Sales Amount (%)
Hangzhou	2,255	147,625	20.1
Beijing	1,058	39,030	9.4
Nanjing	647	60,024	5.8
Suzhou	560	54,668	5.0
Shantou	511	48,821	4.6
Quanzhou	447	53,056	4.0
Nantong	380	50,321	3.4
Kunming	371	50,423	3.3
Shangrao	365	56,299	3.3
Chongqing	358	70,398	3.2
Chengdu	338	25,996	3.0
Lincang	272	30,827	2.4
Tianjin	240	16,062	2.1
Pingdingshan	235	30,124	2.1
Jieyang	226	35,062	2.0
Hefei	211	9,695	1.9
Zhumadian	194	37,343	1.7
Chizhou	186	26,280	1.7
Others	2,372	383,390	21.0
Total	11,226	1,225,444	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	4,640	401,960	41.3
Central Western Region	2,482	382,196	22.1
Bohai Rim Economic Zone	1,847	147,116	16.5
Guangdong-Hong Kong-Macao Greater Bay Area	1,178	147,345	10.5
West Taiwan Strait Economic Zone	1,079	146,827	9.6
Total	11,226	1,225,444	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	1,161	54,807	10.3
Second-tier cities	5,285	477,058	47.1
Third- and fourth-tier cities	4,780	693,579	42.6
Total	11,226	1,225,444	100.0

From the perspective of city distribution, contracted sales in Hangzhou and Beijing have been the most remarkable among the first-tier and second-tier cities, amounting to approximately RMB2.255 billion and RMB1.058 billion, respectively, accounting for approximately 20.1% and 9.4% of the total contracted sales amount. The contracted sales of the Yangtze River Delta Economic Zone and the Central Western Region amounted to approximately RMB4.640 billion and RMB2.482 billion, respectively, accounting for approximately 41.3% and 22.1% of the total contracted sales amount.

Investment Properties

As at 31 December 2024, the Group together with its joint ventures and associates held 46 investment properties with a total gross floor area (“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.

Land Bank

As at 31 December 2024, the Group together with its joint ventures and associates had a land bank with an aggregate planned GFA of approximately 25.30 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 21.20 million sq.m.), distributing in 56 cities. From the perspective of geographic distribution, the land bank costs (excluding investment properties) of the Group together with its joint ventures and associates located in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the West Taiwan Strait Economic Zone, the Guangdong — Hong Kong — Macao Greater Bay Area and the Central Western Region accounted for approximately 38.7%, 22.7%, 12.7%, 9.2% and 16.7% respectively. Considering the tiers of cities, the land bank costs (excluding investment properties) of the Group together with its joint ventures and associates located in first-tier cities, second-tier cities as well as third- and fourth-tier cities accounted for approximately 12.3%, 55.0% and 32.7% respectively.

OUTLOOK

Looking forward to 2025, it is believed that China’s real estate market will continue to bottom out in the long run. The Group must be prepared in the long run. Based on the current difficulties faced by China’s real estate market and the importance of the real estate market to the entire economy, it is expected that the central and local governments will continue to optimise real estate policies in order to boost citizens’ confidence in the real estate market and foster the healthy development of real estate market in the long term.

In terms of property development, the Group will comprehensively implement two levels of work. Firstly, the Group will further adjust its operational progress, enhance its property project management and control, ensure the progress of project image, assist marketing campaigns, and completely boost the pre-sales and sales of completed properties. In addition, the Group will continue to improve and enhance product quality, and match the demand for improved properties, to ensure the quality of construction and delivery.

In terms of “Two Wings” business sector, the Group will further deepen regional business management of shopping mall operations, proactively extend its cooperation with the tenants in the region, break through the market while developing both core brands and emerging brands, adopt and implement targeted positioning strategies of each SCE Funworld, and strengthen the assessment of each SCE Funworld based on key core indicators such as occupancy rate, efficient operations and quality services, to improve its operational performance. On the other hand, it is required that the organising capacity of a regional team shall align with the business needs of each SCE Funworld. In addition, in terms of long-term rental apartments, the Group will focus on the operational performance of the projects, implement and promote front-line business awareness, thereby enhancing the operational capabilities and precision of each project. In terms of property management, the Group will persist in enhancing the sophistication of its business operations, concentrate on key cities for market expansion, and expedite the upgrading and improvement of information systems.

In the future, the development of modern urbanisation will continue to grow, and structural opportunities and demand for quality housing in specific market segments remain in the long term. The Group has prioritised “Ensuring Delivery” in its aim of business operation, committed to achieve outcomes in the residential business operations. Adhering to the development strategy of “Striving for Excellence”, and strengthening the competitiveness of the “Two Wings” business, China SCE will embrace a promising future with a more proactive and optimistic approach.

FINANCIAL REVIEW

Revenue

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

The annual revenue increased significantly by approximately 94.5% from approximately RMB20,960,968,000 in 2023 to approximately RMB40,770,075,000 in 2024, which was mainly attributable to the significant increase in revenue from sales of properties.

- *Sales of properties*

Revenue from sales of properties increased significantly by approximately 103.4% from approximately RMB19,095,549,000 in 2023 to approximately RMB38,843,471,000 in 2024. Delivered area increased by approximately 11.3% from 2,341,355 sq.m. in 2023 to 2,605,724 sq.m. in 2024. The average unit selling price increased significantly from approximately RMB8,156 per sq.m. in 2023 to approximately RMB14,907 per sq.m. in 2024.

- *Property management fees*

Property management fees increased by approximately 3.2% from approximately RMB1,164,184,000 in 2023 to approximately RMB1,201,595,000 in 2024, which was mainly attributable to the increase in the number and floor area of properties under management.

- *Rental income*

Rental income increased by approximately 9.2% from approximately RMB529,680,000 in 2023 to approximately RMB578,634,000 in 2024, which was mainly attributable to the contribution of rental income from newly opened shopping malls of SCE Funworld during the year.

- *Project management income*

The project management income decreased significantly by approximately 39.5% from approximately RMB171,555,000 in 2023 to approximately RMB103,727,000 in 2024, which was attributable to the decrease in project management service and other property related service income provided to joint ventures and associates.

- *Land development income*

During 2024, the Group recognised land development income of approximately RMB42,648,000, which was the income from pre-construction and preparation work provided for certain land parcels in Nan'an, Quanzhou.

Gross Profit

Gross profit increased significantly by approximately 137.0% from approximately RMB2,630,992,000 in 2023 to approximately RMB6,235,537,000 in 2024. Gross profit margin increased from approximately 12.6% in 2023 to approximately 15.3% in 2024. The increase in gross profit margin was mainly due to the delivery of certain projects located in Xiamen, Suzhou and Beijing with higher gross profit margins during the year.

Changes in Fair Value of Investment Properties, Net

The fair value losses of investment properties increased significantly by approximately 34.6% from approximately RMB3,754,084,000 in 2023 to approximately RMB5,051,706,000 in 2024. The fair value losses of investment properties was mainly attributable to the effects of the decline in demand for commercial properties in the PRC.

Selling and Marketing Expenses

Selling and marketing expenses decreased by approximately 11.8% from approximately RMB802,420,000 in 2023 to approximately RMB707,896,000 in 2024. The decrease in selling and marketing expenses was mainly attributable to the decrease in the number of projects for sale during the year.

Administrative Expenses

Administrative expenses decreased by approximately 28.7% from approximately RMB1,710,180,000 in 2023 to approximately RMB1,219,167,000 in 2024. The decrease in administrative expenses was mainly attributable to the implementation of stringent cost control measures.

Other expenses

Other expenses increased significantly by approximately 67.4% from approximately RMB877,699,000 in 2023 to approximately RMB1,468,888,000 in 2024. The increase was mainly attributable to additional impairment losses for investments in joint ventures and associates and due from related parties.

Finance Costs

Finance costs increased by approximately 26.9% from approximately RMB1,492,343,000 in 2023 to approximately RMB1,893,627,000 in 2024. The increase in finance costs was mainly resulted from higher borrowing costs which have not been capitalised as certain borrowings were not used for project developments.

Income Tax Expense

Income tax expense increased significantly by approximately 394.9% from approximately RMB189,504,000 in 2023 to approximately RMB937,852,000 in 2024. The increase was mainly attributable to the combined effect of increase in provision of income tax expense as a result of the increase in revenue recognised and increase in gross profit margin and deferred tax credit as a result of fair value losses of investment properties in 2024.

Loss Attributable to Owners of the Parent

Loss attributable to owners of the parent decreased slightly by approximately 1.6% from approximately RMB7,991,050,000 in 2023 to approximately RMB7,863,349,000 in 2024. The decrease in loss attributable to owner of the parent was mainly resulted from the combined effect of (i) an increase in delivered properties, resulting in higher gross profit; (ii) a decline in the selling price of contracted properties, leading to additional provision of impairment for property projects; and (iii) declining demand for commercial properties causing fair value losses of investment properties, during the year.

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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Renminbi	3,975,285	6,405,803
Hong Kong dollars	17,429	26,673
US dollars	52,303	16,450
	<u>4,045,017</u>	<u>6,448,926</u>
Total cash and bank balances	4,045,017	6,448,926

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 31 December 2024, the amount of restricted cash was approximately RMB1,124,479,000 (31 December 2023: approximately RMB1,564,401,000).

Borrowings

The maturity profile of the borrowings of the Group as at 31 December 2024 was as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank and other borrowings:		
Within one year or on demand	11,241,555	9,817,976
In the second year	5,309,860	6,347,705
In the third to fifth years, inclusive	2,359,307	2,576,084
Beyond fifth year	893,377	1,351,795
	<u>19,804,099</u>	<u>20,093,560</u>

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Senior notes and domestic bonds:		
Within one year or on demand	12,908,448	13,613,559
In the second year	1,500,000	–
In the third to fifth years, inclusive	1,206,019	2,200,000
	<u>15,614,467</u>	<u>15,813,559</u>
Total borrowings	<u>35,418,566</u>	<u>35,907,119</u>

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank and other borrowings:		
Renminbi	15,294,518	15,378,120
Hong Kong dollars	1,173,585	1,147,471
US dollars	3,335,996	3,567,969
	<u>19,804,099</u>	<u>20,093,560</u>
Senior notes and domestic bonds:		
Renminbi	2,706,019	3,270,688
US dollars	12,908,448	12,542,871
	<u>15,614,467</u>	<u>15,813,559</u>
Total borrowings	<u>35,418,566</u>	<u>35,907,119</u>

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 31 December 2024, the net gearing ratio was approximately 296.8% (31 December 2023: approximately 143.8%).

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 31 December 2024, except for certain bank deposits, financial assets at fair value through profit or loss, bank and other borrowings and senior notes which were denominated in foreign currencies, exchange rate changes of RMB against foreign currencies will not have material adverse effect on the results of operations of the Group.

No foreign currency hedging arrangement was made as at 31 December 2024. 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 of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in due course.

DIVIDEND

The Board has resolved not to declare any final dividend in respect of 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 6 January 2010 in compliance with rule 3.21 of the Listing Rules. The Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman, and Mr. Dai Yiyi and Mr. Mao Zhenhua as members. Mr. Ting Leung Huel Stephen, the chairman of the Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the accounting policies adopted by the Group, the consolidated financial statements of the Group for the year ended 31 December 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 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 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 year under review.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, redeem or sell any of the Company’s listed securities during the year. The Company did not hold any treasury shares during the year.

CORPORATE GOVERNANCE

During the year ended 31 December 2024, save as disclosed below, the Company and the Board had been in compliance with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules.

Under code 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 year, Mr. Wong Chiu Yeung performed his duties as both the chairman and the chief executive officer of the Company. The Board believes that the 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.

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

This results announcement of the Company for the year ended 31 December 2024 is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at www.sce-re.com.

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

Hong Kong, China, 28 March 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.