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中駿集团

CHINA SCE GROUP HOLDINGS LIMITED
中駿集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1966)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

- Contracted sales amount was approximately RMB2,179,620,000.
- Revenue was approximately RMB7,677,641,000.
- Gross profit margin was approximately 6.1%.
- Loss attributable to owners of the parent was approximately RMB3,394,024,000.

The board (the "**Board**") of directors (the "**Directors**") of China SCE Group Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**China SCE**") for the six months ended 30 June 2026, together with the comparative figures for the corresponding period in 2025, as follows:

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**7,677,641**	18,520,559
Cost of sales		**(7,208,623)**	(14,670,816)
Gross profit		**469,018**	3,849,743
Other income and gains	*4*	**159,448**	67,855
Changes in fair value of investment properties, net		**(1,753,042)**	(2,280,862)
Selling and marketing expenses		**(267,240)**	(353,722)
Administrative expenses		**(564,594)**	(629,726)
Write down to net realisable value of completed properties held for sale and properties under development		**(782,721)**	(2,819,498)
Other expenses		**(196,137)**	–
Finance costs	*5*	**(807,512)**	(846,104)
Share of profits/(losses) of:			
Joint ventures		**(38,509)**	48,203
Associates		**(378)**	(50,941)
LOSS BEFORE TAX	*6*	**(3,781,667)**	(3,015,052)
Income tax credit/(expense)	*7*	**86,458**	(923,332)
LOSS FOR THE PERIOD		**(3,695,209)**	(3,938,384)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
OTHER COMPREHENSIVE INCOME/ (LOSS):		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(loss) of joint ventures	**(9,595)**	2,185
Exchange differences on translation of foreign operations	**955,216**	372,031
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**945,621**	374,216
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**945,621**	374,216
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(2,749,588)**	(3,564,168)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
Loss attributable to:			
Owners of the parent		**(3,394,024)**	(3,479,512)
Non-controlling interests		**(301,185)**	(458,872)
		(3,695,209)	(3,938,384)
Total comprehensive loss attributable to:			
Owners of the parent		**(2,475,684)**	(3,123,628)
Non-controlling interests		**(273,904)**	(440,540)
		(2,749,588)	(3,564,168)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**RMB (80.4) cents**	RMB (82.4) cents

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Note	**30 June 2026 (Unaudited)** *RMB'000*	31 December 2025 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**647,945**	645,897
Investment properties		**18,949,300**	20,791,000
Properties under development		**3,837,674**	4,377,322
Contract in progress		**111,285**	111,232
Investments in joint ventures		**1,802,739**	1,954,000
Investments in associates		**514,554**	524,932
Prepayments and other assets		**575,446**	580,026
Deferred tax assets		**652,174**	657,555
Total non-current assets		**27,091,117**	29,641,964
CURRENT ASSETS			
Properties under development		**28,106,589**	32,243,979
Completed properties held for sale		**10,205,436**	10,359,493
Trade receivables	*10*	**287,919**	366,581
Prepayments, other receivables and other assets		**8,469,929**	8,785,926
Financial assets at fair value through profit or loss		**109,130**	113,377
Due from related parties		**1,666,325**	1,827,626
Prepaid income tax		**1,943,516**	2,025,934
Restricted cash		**722,692**	923,438
Cash and cash equivalents		**2,006,283**	2,335,841
Total current assets		**53,517,819**	58,982,195

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
30 June 2026

	Note	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	*11*	**14,862,895**	14,548,563
Other payables and accruals		**11,340,426**	10,883,573
Contract liabilities		**13,130,757**	17,520,974
Interest-bearing bank and other borrowings		**13,599,420**	12,385,049
Senior notes and domestic bonds		**12,816,355**	14,824,300
Due to related parties		**2,398,356**	2,474,765
Tax payable		**6,117,158**	6,276,282
Total current liabilities		**74,265,367**	78,913,506
NET CURRENT LIABILITIES		**(20,747,548)**	(19,931,311)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,343,569**	9,710,653
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,917,806**	5,396,457
Senior notes and domestic bonds		**1,575,868**	480,719
Lease liabilities		**759**	1,530
Deferred tax liabilities		**1,625,428**	1,772,232
Total non-current liabilities		**7,119,861**	7,650,938
Net assets/(liabilities)		**(776,292)**	2,059,715
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**365,138**	365,138
Deficit		**(7,949,876)**	(5,474,192)
		(7,584,738)	(5,109,054)
Non-controlling interests		**6,808,446**	7,168,769
Total equity/(deficit)		**(776,292)**	2,059,715

NOTES:

1. BASIS OF PREPARATION

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

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRS Accounting Standards and the change in accounting policy as disclosed in note 2 below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Going concern basis

The Group recorded a loss attributable to owners of the parent of approximately RMB3.394 billion for the period ended 30 June 2026 and, as at that date, the Group had net current liabilities and net liabilities of RMB20.748 billion and RMB0.776 billion respectively. As at 30 June 2026, the interest bearing bank and other borrowings, senior notes and domestic bonds of the Group amounted to approximately RMB31.909 billion, while its cash and cash equivalents amounted to approximately RMB2.006 billion. The Group did not make payment of principal and interest on offshore senior notes and certain interest-bearing bank and other borrowings since October 2023, triggering events of default or cross-default of various borrowings pursuant to the terms and conditions of respective agreements. As at 30 June 2026, the Group's defaulted or cross-defaulted principal of offshore senior notes and interest-bearing bank and other borrowings amounted to approximately RMB16.608 billion.

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

(a) As disclosed in the Company's announcement dated 18 May 2026, a proposed scheme of arrangement (the "**Scheme**") between the Company and relevant offshore creditors was approved by the requisite majorities of those offshore creditors. As further disclosed in the Company's announcement dated 17 June 2026, a petition seeking sanction of the Scheme from the High Court of the Hong Kong Special Administrative Region of the People's Republic of China (the "**Court**") was heard on 16 June 2026 and, by an order made by the Court, the Scheme has been sanctioned. The sanction of the Scheme by the Court represents an important milestone in the progress towards finalising the Scheme. The Group will work with its financial and legal advisors to complete the remaining implementation steps to give effect to the Scheme as soon as practicable;

(b) The Group will continue to seek for re-financing or extension of its existing bank and other borrowings and secure new project development loans for ensuring the delivery of property projects;

(c) The Group timely adjusts its sales strategy to accelerate pre-sales and sales of properties and speed up collection of sales proceeds; and

(d) The Group will continue to search for potential buyers for disposal of certain investment properties and non-core businesses in order to generate additional cash inflows.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2026. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2026. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the unaudited interim condensed consolidated financial statements on a going concern basis.

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

(a) successfully implementing the Scheme;

(b) successfully negotiating with banks and financial institutions on the re-financing or extension of its bank and other borrowings and securing new project development loans;

(c) successfully implementing sales strategy to accelerate pre-sales and sales of properties and speed up collection of sales proceeds; and

(d) successfully disposing of certain investment properties and non-core businesses.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Amendments to HKFRS Accounting Standards	*Annual Improvements to HKFRS Accounting Standards — Volume 11*

The adoption of these amended HKFRS Accounting Standards had no material impact on the Group's condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of properties	**6,732,101**	17,482,222
Property management fees	**636,316**	629,537
Project management income	**64,169**	125,222
Subtotal	**7,432,586**	18,236,981
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	**15,883**	21,119
Other lease payments, including fixed payments	**229,172**	262,459
Subtotal	**245,055**	283,578
Total revenue	**7,677,641**	18,520,559

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**4,889**	8,101
Consultancy service income	**9,110**	19,713
Forfeiture income on deposits received	**3,972**	4,282
Gain on disposal of items of property and equipment, net	**1,727**	101
Gain on disposal of joint ventures, net	**–**	4,910
Gain on disposal of subsidiaries, net	**–**	7,650
Gain on debt restructuring	**98,359**	–
Government grants	**3,759**	1,052
Others	**37,632**	22,046
Total other income and gains	**159,448**	67,855

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings, senior notes and domestic bonds	**1,078,090**	1,193,868
Interest on lease liabilities	**104**	221
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**–**	2,464
Total interest expense on financial liabilities not at fair value through profit or loss	**1,078,194**	1,196,553
Less: Interest capitalised	**(270,682)**	(350,449)
Total	**807,512**	846,104

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of properties sold	**6,719,821**	14,106,825
Cost of services provided	**488,802**	563,908
Depreciation of property and equipment	**27,776**	29,547
Depreciation of right-of-use assets	**969**	3,778
Amortisation of an intangible asset	**–**	83
Lease payments not included in the measurement of lease liabilities	**213**	232
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	**306,275**	352,797
Pension scheme contributions	**54,519**	65,378
Less: Amount capitalised	**(38,812)**	(51,613)
	321,982	366,562
Fair value loss on financial assets at fair value through profit or loss, net	**2,682**	2,740
Foreign exchange differences, net	**146,268**	66,834
Impairment losses recognised on investments in joint ventures and associates	**96,598**	–
Impairment losses recognised on amounts due from related parties	**99,539**	–
Impairment losses of trade receivables, net	**52,992**	36,991
Gain on disposal of joint ventures, net	**–**	(4,910)
Gain on disposal of subsidiaries, net	**–**	(7,650)

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2025: Nil). Taxes on profits assessable in Chinese Mainland have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current charge for the period:		
PRC corporate income tax	**29,801**	607,854
PRC land appreciation tax	**25,164**	468,409
	54,965	1,076,263
Deferred tax credited for the period	**(141,423)**	(152,931)
Total tax charge/(credited) for the period	**(86,458)**	923,332

8. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 4,222,986,126 (six months ended 30 June 2025: 4,222,986,126) outstanding (excluding treasury shares) during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2026 and for the six months ended 30 June 2025 in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic loss per share amount presented.

10. TRADE RECEIVABLES

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

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

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

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

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
	RMB'000	*RMB'000*
Current to 90 days	**64,496**	204,090
91 to 180 days	**42,215**	29,332
181 to 365 days	**75,026**	47,585
Over 365 days	**106,182**	85,574
Total	**287,919**	366,581

11. TRADE AND BILLS PAYABLES

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

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
	RMB'000	*RMB'000*
Within 1 year	**7,200,192**	7,372,462
Over 1 year	**7,662,703**	7,176,101
Total	**14,862,895**	14,548,563

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2026, the real estate market continued its bottoming-out phase, characterised by a gradual demand recovery and sustained supply-side competition. The market exhibited distinct characteristics of differentiation across cities tiers, projects and product types. In first-tier and strong second-tier cities, transaction volumes showed signs of recovery driven by high-quality projects and the release of pent-up demand. However, some weaker second-tier and third- and fourth-tier cities still faced significant inventory destocking pressure. The central and local governments continued to optimise real estate regulation policies, striving to stabilise the real estate market and accelerate the restoration of residents' confidence in the real estate market and actively promote the revitalisation of existing housing stock and urban renewal, gradually fostering a gradual rebalancing of supply and demand.

According to data released by the National Bureau of Statistics of China, during the first half of 2026, the national newly developed commodity property sale totalled approximately RMB3,794.5 billion, representing a decline of 13.6% as compared with the same period last year, with 13.7% decrease in residential housing sales. The sales area for newly developed commodity properties reached approximately 401 million sq.m., representing a decline of 11.6% as compared with the same period last year, with 12.4% decrease in residential housing sales area.

BUSINESS REVIEW

Contracted Sales

For the six months ended 30 June 2026, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB2.180 billion, including the contracted sales amount of approximately RMB110 million by the joint ventures and associates, and the contracted sales area of approximately 0.28 million sq.m., including the contracted sales area of approximately 0.02 million sq.m. by the joint ventures and associates, representing a significant year-on-year decrease of approximately 41.8% and 39.1%, respectively. The average selling price of properties during the period was RMB7,766 per sq.m.

In the first half of 2026, the recovery in housing demand remained uneven across the real estate market. Against the backdrop of ongoing supply-side contraction and industry-wide bottoming-out, the Group sticked to its operational bottom line and secured delivery certainty. The Group accelerated project construction, safeguarded construction schedules, enforced strict quality control and also actively promoted the sales strategy of completed properties to enhance its market competitiveness. Through persistently fulfilling its delivery commitments, the Group navigated through the industry cycle.

In the first half of 2026, the Group together with its joint ventures and associates had an aggregate of over 70 projects for sale in over 40 cities, mainly in second-tier cities and core areas of third- and fourth-tier cities.

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

By City

City	**Contracted Sales Amount** *(RMB Million)*	**Contracted Sales Area** *(sq.m.)*	**Percentage of Contracted Sales Amount** *(%)*
Suzhou	273	20,427	12.5
Jieyang	186	27,864	8.5
Shantou	165	15,447	7.6
Quanzhou	160	22,252	7.3
Hangzhou	132	8,751	6.1
Beijing	130	4,717	6.0
Pingdingshan	121	17,845	5.6
Meizhou	99	12,570	4.5
Hefei	94	5,554	4.3
Weifang	81	11,613	3.7
Chongqing	72	14,356	3.3
Lincang	68	9,773	3.1
Wenshan	59	11,041	2.7
Others	540	98,513	24.8
Total	**2,180**	**280,723**	**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	534	50,460	24.5
Guangdong-Hong Kong-Macao Greater Bay Area	530	68,487	24.3
Central Western Region	514	91,478	23.6
West Taiwan Strait Economic Zone	336	44,495	15.4
Bohai Rim Economic Zone	266	25,803	12.2
Total	**2,180**	**280,723**	**100.0**

By City Tier

City Tier	Contracted Sales Amount *(RMB Million)*	Contracted Sales Area *(sq.m.)*	Percentage of Contracted Sales Amount *(%)*
First- and second-tier cities	859	78,091	39.4
Third- and fourth-tier cities	1,321	202,632	60.6
Total	**2,180**	**280,723**	**100.0**

From the perspective of city distribution, contracted sales in Suzhou have been the most remarkable among the first- and second-tier cities, amounting to approximately RMB273 million. With respect to the regional level, Yangtze River Delta Economic Zone ranked first in terms of contracted sales among all regions, with the contracted sales amounting to approximately RMB534 million accounting for approximately 24.5% of the total contracted sales amount.

Land Bank

As at 30 June 2026, the Group together with its joint ventures and associates had a land bank with an aggregate planned GFA of approximately 20.42 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 17.24 million sq.m.), distributing in 55 cities. From the perspective of geographic distribution, the total land bank costs (excluding investment properties) of the Group together with its joint ventures and associates located in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, Central Western Region, the West Taiwan Strait Economic Zone, and the Guangdong–Hong Kong–Macao Greater Bay Area accounted for 36.1%, 20.5%, 18.0%, 13.2% and 12.2%, respectively. Considering the tiers of cities, the total land bank costs (excluding investment properties) of the Group together with its joint ventures and associates located in first- and second-tier cities as well as third- and fourth-tier cities accounted for 60.5% and 39.5%, respectively.

OUTLOOK

Looking ahead to the second half of the year, the Group expects the real estate market will remain in a bottoming-out phase, with transaction volumes stabilising at subdued level. In first-tier and strong second-tier cities, transaction volumes are expected to remain stable, driven by improvement-oriented demand; while weaker second-tier and third- and fourth-tier cities will remain dominated by inventory destocking, and price recovery will require additional time. Facing a challenging operating environment, the Group will deepen the refined management of existing assets, create flagship projects, iteratively optimise service processes and management mechanisms, strengthen talent system development, and comprehensively enhance operational quality and service standards. The Group will adhere to a customer-centric approach, closely follow changes in customers' lifestyle needs, drive product innovation, and craft high-quality homes. By consolidating its development foundation with product quality, the Group will embrace a new market landscape with a pragmatic and progressive attitude.

In respect of the property development segment, the Group will focus on frontline operations, reasonably control the pace of project development and launch, achieving efficient synergy between construction and de-stocking sales. Taking into account the differentiated characteristics of different cities and projects, the Group will assess policy directions and product trends to enhance product competitiveness. The Group will also continue to innovate marketing approaches, break through traditional customer acquisition channels, and explore new operational approaches in the current complex market environment.

In respect of the commercial management segment, the Group will continue to commit to long-term value creation, persist in in-depth operations, and pursue quality and efficiency improvement. The Group will concentrate resources on refining flagship projects, solidify project reputation through excellent operating performance, thereby empowering tenant sourcing breakthroughs. Simultaneously, the Group will closely follow the trends of brand development, thoroughly understand the underlying logic of brand growth, meticulously conduct brand due diligence, continuously refine the business portfolio of its shopping malls, and innovate marketing strategies, with a focus on refined and in-depth operations to build a durable membership operation system. The Group will adhere to the principle of "Beginning with the End in Mind", anchor their objective, work together with tenants, consumers and its operating teams to seek common development, and jointly drive sustained growth in commercial value.

FINANCIAL REVIEW

Revenue

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

The revenue decreased significantly by 58.5% from approximately RMB18,520,559,000 in the first half of 2025 to approximately RMB7,677,641,000 in the first half of 2026, which was attributable to the decrease in income from sales of properties.

- *Income from sales of properties*

  Income from sales of properties decreased significantly by 61.5% from approximately RMB17,482,222,000 in the first half of 2025 to approximately RMB6,732,101,000 in the first half of 2026. Decrease in income from sales of properties is primarily attributable to the decrease in the area of properties delivered and average unit selling price. Delivered property area decreased significantly by 53.5% from 1,461,452 sq.m. in the first half of 2025 to 679,323 sq.m. in the first half of 2026. The average unit selling price decreased from RMB11,962 per sq.m. in the first half of 2025 to RMB9,910 per sq.m. in the first half of 2026.

- *Property management fees*

  Property management fees increased slightly by 1.1% from approximately RMB629,537,000 in the first half of 2025 to approximately RMB636,316,000 in the first half of 2026.

- *Rental income*

  Rental income decreased by 13.6% from approximately RMB283,578,000 in the first half of 2025 to approximately RMB245,055,000 in the first half of 2026, which was mainly attributable to the decrease in rental of offices during the period.

Gross Profit

Gross profit decreased significantly by 87.8% from approximately RMB3,849,743,000 in the first half of 2025 to approximately RMB469,018,000 in the first half of 2026. Gross profit margin decreased from 20.8% in the first half of 2025 to 6.1% in the first half of 2026. The decrease in gross profit margin was mainly due to the delivery of certain projects with lower gross profit margins during the period.

Changes in Fair Value of Investment Properties, Net

Fair value losses of investment properties decreased by 23.1% from approximately RMB2,280,862,000 in the first half of 2025 to approximately RMB1,753,042,000 in the first half of 2026. The fair value losses were mainly attributable to the value depreciation of certain shopping malls of SCE Funworld and offices located in Beijing, Shanghai, Quanzhou and Putian.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 24.4% from approximately RMB353,722,000 in the first half of 2025 to approximately RMB267,240,000 in the first half of 2026. Such decrease was primarily driven by the decrease in contracted sales amounts during the period.

Administrative Expenses

Administrative expenses decreased by 10.3% from approximately RMB629,726,000 in the first half of 2025 to approximately RMB564,594,000 in the first half of 2026. The decrease in administrative expenses was mainly attributable to the implementation of stringent cost control measures.

Finance Costs

Finance costs decreased by 4.6% from approximately RMB846,104,000 in first half of 2025 to approximately RMB807,512,000 in first half of 2026. The decrease in finance costs was mainly attributable to the decrease in average balance of interest-bearing bank and other borrowings and domestic bonds.

Income Tax Credit/(Expense)

Income tax changed from income tax expense of approximately RMB923,332,000 in the first half of 2025 to income tax credit of approximately RMB86,458,000 in the first half of 2026. Income tax credit during the period was mainly attributable to the combined effect of decrease in land appreciation tax and corporate income tax as a result of the decrease in gross profit margin and deferred tax credit as a result of fair value losses recognised on investment properties.

Loss Attributable to Owners of the Parent

Loss attributable to owners of the parent decreased by 2.5% from approximately RMB3,479,512,000 in the first half of 2025 to approximately RMB3,394,024,000 in the first half of 2026. The loss attributable to owners of the parent for the period was mainly attributable to the decrease in amount of delivered properties and their gross profit margins, fair value losses recognised on investment properties and provision of impairment for property projects.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2026, the Group's cash and bank balances were denominated in different currencies as set out below:

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Renminbi	**2,655,815**	3,106,011
Hong Kong dollars	**22,448**	23,150
US dollars	**50,712**	130,118
Total cash and bank balances	**2,728,975**	3,259,279

According to the relevant laws and regulations of the PRC, certain property development companies of the Group are required to place certain amounts of cash and bank deposits into designated bank accounts to provide guarantees for the development of the relevant properties. As at 30 June 2026, the amount of restricted cash was approximately RMB722,692,000 (31 December 2025: RMB923,438,000).

Borrowings

The maturity profile of the borrowings of the Group as at 30 June 2026 was as follows:

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Bank and other borrowings:		
Within one year or on demand	**13,599,420**	12,385,049
In the second year	**724,413**	2,826,892
In the third to fifth years, inclusive	**1,319,719**	1,592,762
Beyond fifth years	**1,873,674**	976,803
	17,517,226	17,781,506
Senior notes and domestic bonds:		
Within one year or on demand	**12,816,355**	14,824,300
In the second year	**–**	480,719
In the third to fifth years, inclusive	**1,500,000**	–
Beyond fifth years	**75,868**	–
	14,392,223	15,305,019
Total borrowings	**31,909,449**	33,086,525

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

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Bank and other borrowings:		
Renminbi	**13,287,180**	13,382,960
Hong Kong dollars	**1,100,838**	1,144,689
US dollars	**3,129,208**	3,253,857
	17,517,226	17,781,506
Senior notes and domestic bonds:		
Renminbi	**2,275,868**	2,706,019
US dollars	**12,116,355**	12,599,000
	14,392,223	15,305,019
Total borrowings	**31,909,449**	33,086,525

Gearing Ratio

The net gearing ratio was calculated by dividing the net debt (including bank and other borrowings, senior notes and domestic bonds after deduction of cash and cash equivalents and restricted cash) by total equity. As at 30 June 2026, the net gearing ratio was not applicable (31 December 2025: 1,448.1%) as the Group was in a net liability position.

Exchange Rate Fluctuation Exposures

The Group's businesses are located in the PRC and substantially all of the Group's revenue and operating expenses are denominated in RMB. The majority of the Group's assets and liabilities are denominated in RMB. As at 30 June 2026, except for certain bank deposits, financial assets at fair value through profit or loss, bank and other borrowings and senior notes, which were denominated in foreign currencies, exchange rate changes of RMB against foreign currencies will not have material adverse effect on the results of operations of the Group.

No foreign currency hedging arrangement was made as at 30 June 2026. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

CORPORATE GOVERNANCE

During the six months ended 30 June 2026, save as disclosed below, the Company and the Board had been in compliance with the code provisions in force during the period as set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules.

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

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

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

The Audit Committee has reviewed the accounting policies adopted by the Group, the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026 and this interim results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during six months ended 30 June 2026.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.sce-re.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The 2026 interim report of the Group containing the relevant information required by the Listing Rules will be published on the websites of the Company and of the Hong Kong Stock Exchange in due course.

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

Hong Kong, 27 August 2026

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.