中駿置业

CHINA SCE PROPERTY HOLDINGS LIMITED

中 駿 置 業 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1966)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

- Revenue increased by 604.4% to RMB4,131 million.
- Gross profit increased by 442.6% to RMB1,593 million.
- Profit attributable to owners of the parent increased by 153.4% to RMB946 million.
- Core net profit (excluding fair value gains of investment properties, net of deferred tax) increased by 848.0% to RMB898 million.
- Core net profit margin increased 5.5 percentage points to 21.7%.
- Basic earnings per share increased by 89.2% to RMB33.8 cents.
- Proposed final dividend of HK5 cents per ordinary share.
- Net gearing ratio decreased from 64.9% of 2009 to 25.4% of 2010.

The board of directors (the "Board") of China SCE Property 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 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	Notes	**2010**	2009
		RMB'000	RMB'000
REVENUE	5	**4,131,295**	586,463
Cost of sales		**(2,537,800)**	(292,804)
Gross profit		**1,593,495**	293,659
Other income and gains	5	**22,219**	16,039
Changes in fair value of investment properties		**64,228**	371,613
Selling and marketing expenses		**(101,066)**	(38,955)
Administrative expenses		**(171,583)**	(91,197)
Other expenses		**(832)**	(137)
Finance costs	6	**(6,891)**	(5,642)
Share of profits and losses of:			
Jointly-controlled entities		**92,283**	(1,598)
Associates		**35,565**	(3,095)
PROFIT BEFORE TAX	7	**1,527,418**	540,687
Income tax expense	8	**(591,107)**	(178,996)
PROFIT FOR THE YEAR		**936,311**	361,691
OTHER COMPREHENSIVE INCOME/(LOSS):			
Share of other comprehensive income/(loss) of jointly-controlled entities		**(1,697)**	12
Share of other comprehensive income of associates		**4,589**	—
Exchange differences on translation of foreign operations		**(1,013)**	(5,793)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**1,879**	(5,781)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**938,190**	355,910

	Note	2010 RMB'000	2009 RMB'000
Profit/(loss) attributable to:			
Owners of the parent		**946,125**	373,434
Non-controlling interests		**(9,814)**	(11,743)
		936,311	361,691
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**944,981**	367,653
Non-controlling interests		**(6,791)**	(11,743)
		938,190	355,910
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted		**RMB 33.8 cents**	RMB 17.9 cents

Details of dividends for the year are disclosed in note 9 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Note	**31 December 2010 RMB'000**	31 December 2009 RMB'000 (Restated)	1 January 2009 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property and equipment		**115,610**	84,592	79,986
Investment properties		**1,396,000**	1,296,000	882,000
Prepaid land lease payments		**1,613,786**	2,162,231	752,075
Intangible asset		**4,662**	4,819	—
Properties under development		**409,828**	354,620	308,496
Contract in progress		**26,457**	—	—
Investments in jointly-controlled entities		**141,456**	156,218	123,194
Investments in associates		**46,282**	6,128	11,489
Prepayments and deposits		**357,197**	154,976	508,040
Deferred tax assets		**70,004**	82,449	20,808
Total non-current assets		**4,181,282**	4,302,033	2,686,088
CURRENT ASSETS				
Properties under development		**4,250,492**	2,052,276	1,370,435
Completed properties held for sale		**147,462**	1,131,664	803,671
Trade receivables	11	**27,107**	22,144	4,597
Prepayments, deposits and other receivables		**205,974**	325,967	142,466
Due from related parties		**218,411**	172,809	126,069
Tax recoverable		**24,832**	93,796	90,353
Restricted cash		**253,238**	115,325	83,410
Cash and cash equivalents		**1,268,891**	489,480	59,679
Total current assets		**6,396,407**	4,403,461	2,680,680

	Note	31 December 2010 RMB'000	31 December 2009 RMB'000 (Restated)	1 January 2009 RMB'000 (Restated)
CURRENT LIABILITIES				
Trade payables	12	**443,456**	307,534	436,578
Receipts in advance		**1,531,958**	2,994,693	1,898,011
Other payables and accruals		**476,658**	487,097	618,142
Interest-bearing bank and other borrowings		**631,891**	567,037	1,009,425
Due to related parties		**76,798**	231,266	368,440
Tax payable		**454,581**	74,075	29,048
Total current liabilities		**3,615,342**	4,661,702	4,359,644
NET CURRENT ASSETS/(LIABILITIES)		**2,781,065**	(258,241)	(1,678,964)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,962,347**	4,043,792	1,007,124
NON-CURRENT LIABILITES				
Other payables		**16,410**	2,240	2,479
Interest-bearing bank and other borrowings		**2,082,354**	1,539,028	344,493
Deferred tax liabilities		**170,985**	186,498	86,225
Provision for major overhauls		**7,648**	3,800	—
Total non-current liabilities		**2,277,397**	1,731,566	433,197
Net assets		**4,684,950**	2,312,226	573,927
EQUITY				
Equity attributable to owners of the parent				
Issued capital		**250,683**	11	10
Reserves		**3,416,376**	1,509,364	457,493
		3,667,059	1,509,375	457,503
Non-controlling interests		**1,017,891**	802,851	116,424
Total equity		**4,684,950**	2,312,226	573,927

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 Group was principally engaged in property development, property investment and property management in the People's Republic of China (the "PRC") during the year.

The ordinary shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 February 2010.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Newup Holdings Limited, which is incorporated in the British Virgin Islands (the "BVI").

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, 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 2010. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 S*hare-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 4 (Revised in December 2009), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* and HK Interpretation 4 Amendment

Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows:* Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

The Group has reassessed its leases in Hong Kong and the PRC, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in the PRC remained as operating leases. As substantially all the risks and rewards associated with the leases in Hong Kong have been transferred to the Group, the leases in Hong Kong have been reclassified from operating leases under "prepaid land lease payments" to finance leases under "property and equipment". The corresponding amortisation has also been reclassified to depreciation.

The effects of the above changes are summarised below:

	2010	2009
	RMB'000	RMB'000
Consolidated statement of comprehensive income for the year ended 31 December		
Decrease in amortisation of prepaid land lease payments	**(167)**	(173)
Increase in depreciation of property and equipment	**167**	173
	—	—
Consolidated statement of financial position at 31 December		
Decrease in prepaid land lease payments, net	**(8,146)**	(8,313)
Increase in property and equipment, net	**8,146**	8,313
	—	—

	2009
	RMB'000
Consolidated statement of financial position at 1 January	
Decrease in prepaid land lease payments, net	(8,486)
Increase in property and equipment, net	8,486
	—

Due to the retrospective application of the amendments which has resulted in the restatement of items in the consolidated statement of financial position, a consolidated statement of financial position as at 1 January 2009, and the related notes affected by the amendments have been presented in these financial statements.

The Group has not applied the new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application.

4. **OPERATING SEGMENT INFORMATION**

The Group is principally engaged in the businesses of property development, property investment and property 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 purposes, the property management segment combines with the property development and investment segment as its reported revenue, reported results and assets are less than 10% of the consolidated revenue, consolidated profit and consolidated assets of the Group.

The Group's revenue from external customers from each product or service is set out in note 5 to the financial statements.

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 year, 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**

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, and other sales related taxes from the sale of properties; gross rental income received and receivable from investment properties, and property management fee income, net of business tax, received and receivable during the year.

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

	2010	2009
	RMB'000	RMB'000
Revenue		
Sale of properties	**4,071,625**	564,993
Property management fees	**16,861**	8,737
Gross rental income	**42,809**	12,733
	4,131,295	586,463
Other income and gains		
Bank interest income	**4,725**	2,778
Foreign exchange gains, net	**4,378**	7,523
Others	**13,116**	5,738
	22,219	16,039

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2010 RMB'000	2009 RMB'000
Interest on bank loans wholly repayable within five years	**122,565**	78,714
Interest on bank loans repayable beyond five years	**973**	847
Interest on loans from companies controlled by Mr. Wong Chiu Yeung ("Mr. Wong")	**—**	25,021
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**171**	32
Total interest expense on financial liabilities not at fair value through profit or loss	**123,709**	104,614
Less: Interest capitalised	**(116,818)**	(98,972)
	6,891	5,642

7. PROFIT BEFORE TAX

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

	2010 RMB'000	2009 RMB'000
Cost of properties sold	**2,517,386**	284,081
Cost of services provided	**20,257**	8,681
Depreciation	**11,095**	7,330
Amortisation of land lease payments	**49,507**	22,067
Amortisation of an intangible asset	**157**	42
Provision for major overhauls	**3,677**	880
Minimum lease payments under operating leases for land and buildings	**3,852**	2,853
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**87**	217
Auditors' remuneration	**1,642**	1,851
Employee benefit expense (including directors' remuneration):		
Salaries and other staff costs	**72,928**	31,480
Pension scheme contributions	**4,134**	1,461
Less: Amount capitalised	**(13,666)**	(5,562)
	63,396	27,379
Foreign exchange differences, net	**(4,378)**	(7,523)
Write-off of items of property and equipment	**797**	11
Loss on disposal of items of property and equipment	**35**	126

8. INCOME TAX EXPENSE

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 (2009: Nil). 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.

	2010	2009
	RMB'000	RMB'000
Group:		
Current charge for the year:		
PRC corporate income tax	**321,779**	49,934
PRC land appreciation tax	**272,396**	55,368
	594,175	105,302
Deferred	**(3,068)**	73,694
Total tax charge for the year	**591,107**	178,996

9. DIVIDENDS

	2010	2009
	RMB'000	RMB'000
Interim dividend, declared and paid – HK4 cents (2009: Nil) per ordinary share	**99,814**	—
Proposed final – HK5 cents (2009: Nil) per ordinary share	**124,290**	—
	224,104	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,795,665,753 (2009: 2,087,406,027) in issue during the year as adjusted retrospectively to reflect the capitalisation issue in February 2010.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2010 and 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

11. TRADE RECEIVABLES

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

Consideration in respect 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 for three months to the lessees of the Group's investment properties, extending up to six months for major customers.

The aged analysis of the trade receivables as at the end of the reporting period that are not considered to be impaired are as follows:

	2010	2009
	RMB'000	RMB'000
Neither past due nor impaired	**12,671**	17,281
1 to 6 months past due	**9,711**	2,319
7 to 12 months past due	**2,243**	—
Over 1 year past due	**2,482**	2,544
	27,107	22,144

12. TRADE PAYABLES

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

	2010	2009
	RMB'000	RMB'000
Within 1 year	**437,989**	299,075
Over 1 year	**5,467**	8,459
	443,456	307,534

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2010, China's economy still maintained rapid growth against a backdrop of slow recovery in global economy. According to preliminary figures from National Bureau of Statistics, China's GDP in 2010 reached RMB 39,798.3 billion, representing an increase of 10.3% over 2009 based on comparable pricing. For long-term and stable development of the Chinese real estate market, the State government introduced a number of strict macro-control policies consecutively in 2010 to curb overheated investment and speculative demand. However, the real estate market was still very active, with turnover and price of commodity housing remained at high levels. In 2010, China's commodity housing achieved sales of 1,043.5 million sq.m. in area and a sales volume of RMB5,247.8 billion, representing an increase of 10.1% and 18.3% respectively over 2009.

Despite changing economic environment and stringent macro-control policies, the Group managed to achieve good results, recording the best performance since its establishment in construction area, completed area, saleable area, delivered area as well as contract sales area and amount. Below is a review of our major operating businesses during the reporting period.

Project development

Projects commenced in 2010

During the reporting period, the Group, together with its jointly-controlled entity, commenced 9 projects in Fujian Golden Triangle metropolitan area, with a total planned gross floor area ("GFA") of approximately 1.3 million sq.m. Also, the Strait Eco-City, located in Nanan City of Quanzhou and developed in cooperation with the local government, also officially commenced operation during the year.

City	Name of Project	Type of Property	Total GFA (sq.m.)	Interest Attributable to the Group (%)
Quanzhou	Fortune Plaza • Royal Terrace	Residential	249,436	58
Quanzhou	Sapphire Peninsula Phase 2	Residential	126,463	100
Quanzhou	Sunshine Town Phase 1 (Blocks 9-17)	Residential	152,634	100
Quanzhou	Sunshine Mansion	Residential	300,641	80
Quanzhou	Purple Lake International Phase 1	Residential	62,217	49
Zhangzhou	Sapphire Boomtown Phase 1	Residential	148,578	80
Xiamen	The Regent	Residential	85,192	60
Xiamen	Provence Town	Residential	142,930	90
Xiamen	SCE Building Phase 2	Office building	36,333	100
Total:			1,304,424	

Projects completed in 2010

During the reporting period, the Group, together with its jointly-controlled entity, completed 4 projects with a total planned GFA of approximately 540,000 sq.m. As at 31 December 2010, 95% saleable area of these completed projects have been sold.

City	Name of Project	Type of Property	Total GFA (sq.m.)	Interest Attributable to the Group (%)
Quanzhou	West Lake No. 1	Residential	198,782	100
Quanzhou	Sapphire Uptown	Residential	105,623	51
Quanzhou	Sunshine Town Phase 1 (Blocks 1-8)	Residential	60,063	100
Fuzhou	Wuyi Oasis Phase 3	Residential	176,856	50
Total:			541,324	

Projects under development as at 31 December 2010

As at 31 December 2010, the Group, together with its jointly-controlled entity, had 11 projects under development with a total GFA of approximately 1.8 million sq.m.

City	Name of Project	Type of Property	Total GFA (sq.m.)	Interest Attributable to the Group (%)
Quanzhou	Fortune Plaza • Parkview Bay	Residential	300,398	58
Quanzhou	Fortune Plaza • Royal Terrace	Residential	249,436	58
Quanzhou	Sunshine Town Phase 1 (Blocks 9-17)	Residential	152,634	100
Quanzhou	Sapphire Peninsula	Residential	267,676	100
Quanzhou	Purple Lake International Phase 1	Residential	62,217	49
Quanzhou	Sunshine Mansion	Residential	300,641	80
Zhangzhou	Sapphire Boomtown Phase 1	Residential	148,578	80
Xiamen	The Regent	Residential	85,192	60
Xiamen	SCE Building Phase 2	Office building	36,333	100
Xiamen	Provence Town	Residential	142,930	90
Linfen	SCE International Community Phase 1	Residential	82,809	90
Total:			1,828,844	

Projects held for future development as at 31 December 2010

As at 31 December 2010, the Group, together with its jointly-controlled entity and associates, owned a land bank with aggregate planned GFA of approximately 5.1 million sq.m. pending for future development.

City	Name of Project	Type of Property	Total GFA (sq.m.)	Interest Attributable to the Group (%)
Quanzhou	Fortune Plaza Phases 3 & 4	Residential, commercial, office building and hotel	817,821	58
Quanzhou	Sunshine Town Phase 2	Residential	220,229	100
Quanzhou	Purple Lake International Phase 2	Residential	60,982	49
Quanzhou	Gold Coast	Residential, commerical and tourism related intergrated development	1,256,400	45
Zhangzhou	Sapphire Boomtown Phases 2, 3 & 4	Residential	371,721	80
Linfen	SCE International Community Phases 2 & 3	Residential	485,878	90
Anshan	Anshan Project	Residential, commerical and hotel	1,813,868	70
Beijing	Beijing Project	Residential	38,195	100
Tangshan	Sapphire Villa	Residential	64,911	100
Total:			5,130,005	

Contract sales

During 2010, the Group launched 4 new projects onto the market, including Sunshine Town Phase 1, Parkview Bay of Fortune Plaza, SCE International Community Phase 1 and The Regent. During the year, the Group achieved contract sales area of approximately 480,000 sq.m. with contract sales amount of approximately RMB3.6 billion, representing an increase of 149.6% and 85.1% respectively as compared to the previous financial year. Information shows that the Company has recorded higher growth in business. Contract sales distribution by city are set out as follows:

City	Contract Sales Area (sq.m.)	Contract Sales Amount (RMB million)
Quanzhou	402,464	2,752
Xiamen	23,642	478
Beijing	2,408	85
Linfen	59,408	291
Total:	487,922	3,606

Land bank

As at 31 December 2010, the Group, together with its jointly-controlled entity and associates, owned a land bank with an aggregate GFA of approximately 8.4 million sq.m. (attributable portion was approximately 6.1 million sq.m), including an aggregate planned GFA of approximately 1.4 million sq.m. for which framework agreements had been entered into with local governments. In terms of distribution by city, approximately 65% of the Group's land bank was located in the Western Taiwan Strait Economic Zone, 30% in the Bohai Rim Economic Zone, and the remaining 5% in Shenzhen.When compared with the land distribution of the last financial year, the distribution of the Group's land gradually tended to have a more balanced pattern. Such land distribution reflected our adherence to the strategy "Firming its foothold on West Taiwan Strait Economic Zone; expanding into the Bohai Rim Economic Zone; and paying attention to the Pearl River Delta Economic Zone". We believe that the existing land bank will satisfy our development and construction needs in the next four to five years.

During the reporting period, the Group newly acquired five parcels of land, details of which are as follows:

Quanzhou Nanan Parcel

In January 2010, the Group successfully acquired through the bidding invitation, auction and listing process a parcel of commercial and residential land in Nanan City, Quanzhou, with a site area of approximately 60,000 sq.m. and a total planned GFA of approximately 300,000 sq.m. for a total land price of about RMB150 million. The project is located at the junction of Liu Nan Road and Nan Da Road of Nanan City with easy accessibility and comprehensive facilities. The project has started construction during the year and its marketing center and clubhouse opened to the public in January 2011.

Anshan Parcel

In May 2010, the Group successfully acquired through the bidding process five parcels of land which were listed for sale in Anshan City, Liaoning Province, with a total site area of about 600,000 sq.m. and a planned GFA of up to 2.2 million sq.m. for a total land cost of approximately RMB423 million. The Group has established two joint venture companies respectively with independent third-party developers to develop commercial-residential projects and hotel projects, and the Group holds 70% interest in the joint venture companies. The land will be developed into a large complex project combining residential, commercial and hotel elements.

Beijing Parcel

In June 2010, the Group acquired 100% equity interest in Beijing Dushishengjing Real Estate Development Co. Ltd. ("BJ Shengjing") from Beijing Dupeng Real Estate Development Co., Ltd., a state-owned enterprise, for a consideration of approximately RMB127 million. This has become the first case for a central enterprise which does not operate real estate business as its core business to transfer a wholly-owned subsidiary. Through this acquisition, the Group obtained the Beijing Project (北京德勝公館項目), a core project of BJ Shengjing. The project is located in the central area of Beijing Second Ring Deshengmen, with a site area of nearly 6,000 sq.m. and a total planned GFA of approximately 40,000 sq.m. It will become another high-end property project of the Group in Beijing after the Beijing World City.

Tangshan Parcel

In September 2010, the Group, through its wholly-owned subsidiary Tangshan Zhongjun Property Development Company Limited, successfully acquired through auction four parcels of land located at the northwest side of South Lake, Tangshan, with a total site area of approximately 110,000 sq.m. and a total planned GFA of approximately 60,000 sq.m. for a consideration of approximately RMB190 million. The land is for residential, commercial and ancillary uses.

Xiamen Parcel

In October 2010, Xiamen Junxianghexin Real Estate Co., Ltd., in which the Group holds 90% interest, completed the acquisition of a parcel of land in Xiang'an District, Xiamen City, for a consideration of approximately RMB280 million. The project is located in west of Fang Shan North Road and north of Xiang'an North Road in Ma Xiang Town, Xiang'an District, Xiamen City, with a total site area of approximately 60,000 sq.m. and a total planned GFA of approximately 140,000 sq.m. This project has commenced construction during the year.

Business outlook

We believe the risks that may arise from cyclical fluctuations of the market can be diversified effectively by improving the strategic distribution of land. In addition to further improving the Company's market leading position in Fujian Province, the Company will continue to seek new development opportunities in the Bohai Economic Rim to expand its land bank.

2011 will be a challenging year for the real estate industry. Facing an ever changing external environment, the first priority of the Group will still be self-improvement. We believe that only enterprises that have achieved the desired development level are able to easily deal with various external market changes. Therefore, we will continue to enhance the Group's operational efficiency and proceed further while gaining experience. Looking forward, the Chinese economy will continue to maintain its rapid development. As China's urbanisation process is in full swing, the Chinese real estate market is still promising, and the real estate industry has great potential for development in future.

We will not slow down our pace of property development in future. In 2011, our planned construction area will be approximately 1.2 million sq.m. and planned completed area will be approximately 900,000 sq.m. Details are as follows:

Projects planned for commencement in 2011

City	**Name of Project**	**Type of Property**	**Total GFA (sq.m.)**	**Interest Attributable to the Group (%)**
Quanzhou	Fortune Plaza Phase 3	Commercial	303,000	58
Quanzhou	Gold Coast Phase 1	Residential, commercial and tourism related intergrated development	353,800	45
Zhangzhou	Sapphire Boomtown Phase 2	Residential	150,726	80
Anshan	Anshan Project Phase 1	Residential	168,729	70
Tangshan	Sapphire Villa	Residential	64,911	100
Linfen	SCE International Community Phase 2	Residential	141,647	90
Total:			1,182,813	

Projects planned for completion in 2011

City	**Name of Project**	**Type of Property**	**Total GFA (sq.m.)**	**Interest Attributable to the Group (%)**
Quanzhou	Sunshine Town Phase 1 (Blocks 9-17)	Residential	152,634	100
Quanzhou	Fortune Plaza • Parkview Bay	Residential	300,398	58
Quanzhou	Fortune Plaza • Royal Terrace (low density residence)	Residential	47,307	58
Xiamen	The Regent (low density residence)	Residential	19,108	60
Xiamen	SCE Building Phase 2	Office building	36,333	100
Xiamen	Provence Town	Residential	142,930	90
Zhangzhou	Sapphire Boomtown Phase 1 (low density residence)	Residential	127,683	80
Linfen	SCE International Community Phase 1	Residential	82,809	90
Total:			909,202	

Project planned for pre-sale in 2011

The Group expects that 8 new projects will be launched in the market in 2011, including Sapphire Boomtown Phase 1, Provence Town, Royal Terrace of Fortune Plaza, Sunshine Mansion, Sapphire Peninsula, Gold Coast Phase 1, Sapphire Villa and Anshan Project Phase 1, together with the unsold units of the projects which commenced sales in 2010, the Group's saleable area in 2011 will be approximately 1.2 million sq.m.

FINANCIAL REVIEW

Revenue

The revenue of the Group mainly includes property sales, rental income and property management income.

The annual revenue increased by 604.4% from RMB586 million in 2009 to RMB4,131 million in 2010, which was attributable to the substantial increase in property sales, rental income and property management income.

- **Sale of properties**

  Property sales increased by 620.7% from RMB565 million in 2009 to RMB4,072 million in 2010, which was attributable to the increase in delivery area from 23,507 sq.m. in 2009 to 444,414 sq.m. in 2010.

- **Rental income**

  Rental income increased by 236.2% from RMB12,733,000 in 2009 to RMB42,809,000 in 2010, which was mainly attributable to the increase in leased area of retail shops in the Beijing World City.

- **Property management income**

  Property management income increased by 93.0% from RMB8,737,000 in 2009 to RMB16,861,000 in 2010, which was mainly attributable to the increase in number and floor area of properties under management.

Cost of sales

Cost of sales increased by 766.7% from RMB293 million in 2009 to RMB2,538 million in 2010. The increase in cost of sales was mainly attributable to the substantial increase in delivery area.

Gross profit

Gross profit increased by 442.6% from RMB294 million in 2009 to RMB1,593 million in 2010. Gross profit margin decreased from 50.1% in 2009 to 38.6% in 2010. The decrease in gross profit margin was attributable to the delivery of more mid-end projects during the year.

Other income and gains

Other income and gains increased by 38.5% from RMB16,039,000 in 2009 to RMB22,219,000 in 2010. The increase in other income and gains was mainly attributable to the increase in interest income.

Changes in fair value of investment properties

The changes in the fair value of investment properties decreased by 82.7% from RMB372 million in 2009 to RMB64 million in 2010. The substantial decrease in the fair value of investment properties was mainly attributable to stable market value of investment properties during the year.

Selling and marketing expenses

Selling and marketing expenses increased by 159.4% from RMB38,955,000 in 2009 to RMB101,066,000 in 2010. The increase in selling and marketing expenses was mainly attributable to the substantial increase in the number of projects for presale.

Administrative expenses

Administrative expenses increased by 88.1% from RMB91,197,000 in 2009 to RMB171,583,000 in 2010. The increase in administrative expenses was mainly attributable to the employment of additional management staff to meet the need of business expansion, and to the increase in amortisation of prepaid land lease payments.

Finance costs

Finance costs increased by 22.1% from RMB5,642,000 in 2009 to RMB6,891,000 in 2010. The increase in finance costs was attributable to the increase in bank loans.

Share of profits and losses of jointly-controlled entities and associates

Share of profits and losses of jointly-controlled entities and associates changed from losses of RMB4,693,000 in 2009 to profits of RMB127,848,000 in 2010. The substantial increase in profits was mainly due to the substantial increase in delivery area by jointly-controlled entities and associates.

Income tax expense

Income tax expense increased by 230.2% from RMB178,996,000 in 2009 to RMB591,107,000 in 2010. The increase in tax expenses was mainly attributable to the increase in income tax and land appreciation tax as a result of the substantial increase in property sales incomes recognised during the year.

Profit attributable to owners of the parent

Profit attributable to equity owner increased by 153.4% from RMB373 million in 2009 to RMB946 million in 2010, which was mainly attributable to the significant increase in property sales contribution and in profits. Earnings per share increased by 89.2% from RMB17.9 cents in 2009 to RMB33.8 cents in 2010. Core net profit margin increased from 16.2% in 2009 to 21.7% in 2010.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2010, the Group's cash and bank balances were approximately RMB1,522,129,000 (2009: approximately RMB604,805,000), of which approximately RMB1,488,581,000 (2009: approximately RMB482,982,000) was denominated in RMB, approximately RMB33,410,000 (2009: approximately RMB44,073,000) was denominated in Hong Kong dollars and approximately RMB138,000 (2009: approximately RMB77,750,000) was denominated in US dollars.

According to the relevant laws and regulations of the PRC, the Group was required to place certain amounts of cash and bank deposits into designated bank accounts as guarantees. As at 31 December 2010, the amount of restricted cash was approximately RMB253,238,000 (2009: approximately RMB115,325,000).

Borrowings and pledged assets

As at 31 December 2010, the total amount of interest-bearing bank and other borrowings was approximately RMB2,714 million (2009: approximately RMB2,106 million), of which approximately RMB632 million (2009: approximately RMB567 million) was repayable within one year, approximately RMB1,066 million (2009: approximately RMB360 million) was repayable in the second year, approximately RMB1,013 million (2009: approximately RMB1,171 million) was repayable within three to five years and approximately RMB3 million (2009: approximately RMB8 million) was repayable after five years.

At at 31 December 2010, approximately RMB2,714 million (2009: approximately RMB2,106 million) of bank and other borrowings was secured by the Group's properties and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale with total carrying value of approximately RMB5,155 million (2009: approximately RMB4,412 million).

Except for certain secured bank loans of approximately RMB50 million (2009: approximately RMB8 million) as at 31 December 2010, which are denominated in Hong Kong dollars, all the Group's bank and other borrowings are denominated in RMB.

Except for certain short term bank loans of approximately RMB545 million as at 31 December 2009, the interest rates of which were fixed in nature, all borrowings bear interest at floating interest rates. The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

Gearing ratio

The net gearing ratio was calculated by dividing the net amount of debts (interest-bearing bank and other borrowings after deduction of cash and cash equivalents (including restricted cash)) by the total equity. As at 31 December 2010, the net gearing ratio was 25.4% (2009: 64.9%).The decrease in net gearing ratio in 2010 was due to the proceeds raised from the initial public offering of the shares of the Company and the capital return from the presale projects.

Exchange rate movement exposures

The majority of the Group's income and expenses are denominated in RMB, therefore any exchange rate changes of RMB against other currencies will not have material adverse effect on the operation of the Group. As such, we have not entered into any hedging transaction during the year.

CONTINGENT LIABILITIES

As at 31 December 2010, the Group provided financial guarantees to the banks in respect of the following items:

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**1,305,421**	879,213

In addition, the Group's share of the jointly-controlled entities and associates' own financial guarantees which were not included in the above, were as follows:

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the jointly-controlled entities' properties	**334,531**	339,245
Guarantees in respect of mortgage facilities provided for certain purchasers of the associates' properties	**24,635**	27,867

CAPITAL COMMITMENTS

As at 31 December 2010, the capital commitments of the Group were as follows:

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Contracted but not provided for:		
Capital expenditure for properties under development, completed properties held for sale and construction of investment and owner-occupied properties in Mainland China	**1,812,174**	1,332,476

In addition, the Group's share of the jointly-controlled entities' own capital commitments which were not included in the above, were as follows:

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Contracted but not provided for:		
Capital expenditure for jointly-controlled entities' properties under development	**75,508**	9,564

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2010, the Group had 1,024 employees. For the year ended 31 December 2010, the total cost of employees was approximately RMB77 million (2009: approximately RMB33 million). We provide employees with competitive remuneration and benefits, and the remuneration policy will be reviewed on regular basis according to the performance and contribution of the employees and the industry remuneration level. In addition, the Group also provides various training courses to enhance the employee's skills and capabilities in all aspects.

USE OF PROCEEDS

The Company's shares were listed on the Stock Exchange since 5 February 2010. Proceeds from the issuance of new shares pursuant to the Company's initial public offering amounted to approximately HK$1,500 million (RMB1,318 million) (net of related issuing expenses). Such net proceeds were used in the following manner:

	Amount Raised (RMB million)	**Amount Used as at 31 December 2010 (RMB million)**
Land premium	660	**660**
Development of existing property projects	528	**183**
General working capital	130	**130**
	1,318	**973**

EVENTS AFTER THE REPORTING PERIOD

On 7 January 2011, the Group entered into a purchase agreement (the "Purchase Agreement") with Deutsche Bank AG Singapore Branch and The Hongkong and Shanghai Banking Corporation Limited in connection with the issue of RMB2,000 million USD settled 10.5% senior notes (the "Notes") due 2016. The Purchase Agreement was completed on 14 January 2011 and the Notes are listed on the Official List of the Singapore Exchange Securities Trading Limited. The Group raise a net proceeds of approximately RMB1,942 million (after deduction of underwriting commissions and other expenses).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 28 April 2011. Notice of the annual general meeting will be published and dispatched in accordance with the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") in due course.

DIVIDEND

The Board of the Company has proposed the payment of a final dividend of HK5 cents per ordinary share for the year ended 31 December 2010. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on 5 May 2011 to the shareholders whose names appear on the register of members of the Company on 28 April 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 April 2011 to Thursday, 28 April 2011, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend and be eligible to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 21 April 2011.

AUDIT COMMITTEE

The Company established an Audit Committee on 6 January 2010 in compliance with Rule 3.21 of the Listing Rules. As required, the Audit Committee of the Company comprises three Independent Non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman. Other two members are Mr. Lu Hong Te and Mr. Dai Yiyi. Mr. Ting Leung Huel Stephen, the chairman of the Company's 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 of the Company has reviewed the accounting policies adopted by the Group, the consolidated financial statements of the Group for the year ended 31 December 2010 and this annual results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE BOARD

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules ("Model Code") as its code of conduct for securities transactions by directors. The Company has made special enquiries to all directors and all directors have confirmed that they have been in compliance with the Model Code and its code of conduct regarding Directors' securities transactions during the year under review.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

During the year ended 31 December 2010, the Company and the Board has been in compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules, save as disclosed below:

Under Rule A.2.1 in Appendix 14 to the Listing Rules, the roles of the Chairman and the 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 the Chairman and the Chief Executive Officer of the Company. The Board believes that the serving by the same individual as Chairman and Chief Executive Officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company.

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

The results announcement of the Company for the year ended 31 December 2010 is published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.sce-re.com.

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

Hong Kong, China, 23 March 2011

As at the date of this announcement, the executive Directors of the Company are Mr. Wong Chiu Yeung, Mr. Chen Yuanlai, Mr. Cheng Hiu Lok and Mr. Li Wei, the non-executive Director of the Company is Mr. Fung Ka Pun and the independent non-executive Directors are Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi.