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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 3.5 times to approximately RMB3,722,512,000.
- Profit for the period increased by approximately 1.0 times to approximately RMB606,932,000.
- Profit attributable to owners of the parent increased by approximately 1.5 times to approximately RMB498,310,000.
- Basic earnings per share increased by approximately 1.5 times to approximately RMB17.5 cents.
- Cash and bank balances increased by approximately 18.9% to approximately RMB3,718,874,000 as at 30 June 2013.
- Net gearing ratio was 65.7% as at 30 June 2013.
- Contracted sales increased by approximately 1.5 times to approximately RMB5,155,192,000.
- Proposed an interim dividend of HK6 cents per ordinary share and a bonus issue of two bonus shares for every 10 existing ordinary shares held.

The board (the "**Board**") of directors (the "**Directors**") of China SCE Property Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2013, together with the comparative figures for the corresponding period in 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**3,722,512**	836,470
Cost of sales		**(2,486,693)**	(478,926)
Gross profit		**1,235,819**	357,544
Other income and gains	*4*	**34,620**	25,560
Changes in fair value of investment properties		**203,484**	264,346
Selling and marketing expenses		**(69,064)**	(31,211)
Administrative expenses		**(135,086)**	(114,670)
Finance costs	*5*	**(158,820)**	(33,464)
Exchange differences arising from retranslation of senior notes, net	*6*	**–**	2,546
Share of profits and losses of:			
Jointly-controlled entities		**12,162**	(2,854)
Associates		**(84)**	(5,512)
PROFIT BEFORE TAX	*6*	**1,123,031**	462,285
Income tax expense	*7*	**(516,099)**	(163,730)
PROFIT FOR THE PERIOD		**606,932**	298,555

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Changes in fair value of derivative financial instruments		**34,849**	(97,923)
Reclassification adjustments for exchange gains/(loss) included in the profit or loss of the statement of comprehensive income		**(34,461)**	17,020
		388	(80,903)
Share of other comprehensive loss of jointly-controlled entities		**(208)**	(755)
Share of other comprehensive income/(loss) of associates		**8**	(2,118)
Exchange differences arising from net investment hedge in foreign operations		**–**	1,042
Exchange differences on translation of foreign operations		**47,567**	(21,078)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**47,755**	(103,812)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**654,687**	194,743
Profit attributable to:			
Owners of the parent		**498,310**	199,849
Non-controlling interests		**108,622**	98,706
		606,932	298,555
Total comprehensive income attributable to:			
Owners of the parent		**538,221**	99,689
Non-controlling interests		**116,466**	95,054
		654,687	194,743
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**RMB 17.5 cents**	RMB 7.0 cents

Details of the dividend for the period are disclosed in note 8 to this results announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

	Notes	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
NON-CURRENT ASSETS			
Property and equipment		**136,717**	144,864
Investment properties		**3,260,000**	2,854,000
Prepaid land lease payments		**3,473,795**	2,263,953
Intangible asset		**4,236**	4,319
Properties under development		**1,909,756**	1,261,631
Contract in progress		**376,054**	313,072
Investments in jointly-controlled entities		**117,427**	279,146
Investments in associates		**51,598**	51,673
Prepayments and deposits		**1,549,564**	974,259
Derivative financial instruments		**3,213**	–
Deferred tax assets		**168,711**	138,039
Total non-current assets		**11,051,071**	8,284,956
CURRENT ASSETS			
Properties under development		**4,692,054**	6,481,298
Completed properties held for sale		**2,133,300**	1,064,592
Trade receivables	*10*	**441,876**	388,350
Prepayments, deposits and other receivables		**856,466**	571,887
Due from related parties		**25,647**	25,527
Tax recoverable		**143,805**	83,830
Restricted cash		**230,233**	678,069
Pledged deposits		**155,000**	173,000
Cash and cash equivalents		**3,333,641**	2,277,221
Total current assets		**12,012,022**	11,743,774
CURRENT LIABILITIES			
Trade payables	*11*	**880,930**	812,921
Receipts in advance		**3,164,951**	2,806,387
Other payables and accruals		**1,367,553**	1,334,638
Interest-bearing bank and other borrowings		**1,752,321**	2,111,571
Due to related parties		**76,605**	70,250
Tax payable		**953,405**	727,884
Total current liabilities		**8,195,765**	7,863,651
NET CURRENT ASSETS		**3,816,257**	3,880,123

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
30 June 2013

	30 June 2013 (Unaudited) *RMB'000*	31 December 2012 (Audited) *RMB'000*
NET CURRENT ASSETS	**3,816,257**	3,880,123
TOTAL ASSETS LESS CURRENT LIABILITIES	**14,867,328**	12,165,079
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**2,765,163**	1,648,729
Senior notes	**4,157,478**	3,195,049
Derivative financial instruments	**–**	31,637
Deferred tax liabilities	**379,549**	352,399
Provision for major overhauls	**18,848**	16,381
Total non-current liabilities	**7,321,038**	5,244,195
Net assets	**7,546,290**	6,920,884
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**250,683**	250,683
Reserves	**5,131,416**	4,590,666
	5,382,099	4,841,349
Non-controlling interests	**2,164,191**	2,079,535
Total equity	**7,546,290**	6,920,884

NOTES:

1. BASIS OF PREPARATION

The Company was 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.

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

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 financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *— Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-lnt 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of the new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. 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 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, other income and gains is as follows:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**3,651,008**	791,507
Gross rental income	**36,275**	26,038
Property management fees	**35,229**	18,925
	3,722,512	836,470
Other income and gains		
Bank interest income	**18,986**	19,722
Foreign exchange gains, net	**10,438**	–
Others	**5,196**	5,838
	34,620	25,560

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June 2013 (Unaudited) *RMB'000*	2012 (Unaudited) *RMB'000*
Interest on bank and other borrowings and senior notes wholly repayable within five years	**368,492**	229,584
Interest on bank and other borrowings repayable beyond five years	**–**	336
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**369**	266
Loss on derivative financial instruments	**10,128**	4,176
Total interest expense on financial liabilities not at fair value through profit or loss	**378,989**	234,362
Less: Interest capitalised	**(220,169)**	(200,898)
	158,820	33,464

6. PROFIT BEFORE TAX

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

	Six months ended 30 June 2013 (Unaudited) *RMB'000*	2012 (Unaudited) *RMB'000*
Cost of properties sold	**2,464,298**	459,839
Cost of services provided	**22,312**	19,003
Depreciation	**13,003**	7,734
Amortisation of land lease payments	**27,454**	25,945
Amortisation of an intangible asset	**83**	84
Employee benefit expense (including directors' remuneration):		
Salaries and other staff costs	**54,324**	43,551
Pension scheme contributions	**9,795**	6,261
Less: Amount capitalised	**(22,899)**	(18,004)
	41,220	31,808
Write-off of items of property and equipment	**–**	4,259
Exchange differences arising from retranslation of senior notes	**34,461**	(20,608)
Less: Amount recognised in other comprehensive income as a result of net investment hedge	**–**	1,042
Less: Reclassification from hedging reserve as a result of cash flow hedges	**(34,461)**	17,020
Exchange differences arising from retranslation of senior notes, net	**–**	(2,546)
Other foreign exchange differences, net	**(10,438)**	1,563
Exchange differences, net	**(10,438)**	(983)

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 2012: 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.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Group:		
Current charge/(credit) for the period:		
PRC corporate income tax	**253,860**	(22,140)
PRC land appreciation tax	**265,761**	49,414
	519,621	27,274
Deferred tax	**(3,522)**	136,456
Total tax charge for the period	**516,099**	163,730

During the six months ended 30 June 2013, the share of tax charge attributable to jointly-controlled entities amounting to RMB9,360,000 (six months ended 30 June 2012: tax credit of RMB899,000) and the share of tax charge attributable to associates amounting to RMB7,000 (six months ended 30 June 2012: tax credit of RMB1,307,000) are included in "Share of profits and losses of jointly-controlled entities and associates" in profit or loss of the consolidated statement of comprehensive income.

8. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interim — HK6 cents (six months ended 30 June 2012: Nil) per ordinary share	**135,783**	–

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 2,853,200,000 (six months ended 30 June 2012: 2,853,200,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. 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.

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

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

	30 June 2013 (Unaudited) *RMB'000*	31 December 2012 (Audited) *RMB'000*
Neither past due nor impaired	**420,379**	383,980
1 to 6 months past due	**19,310**	1,305
7 to 12 months past due	**98**	979
Over 1 year past due	**2,089**	2,086
	441,876	388,350

11. TRADE PAYABLES

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

	30 June 2013 (Unaudited) *RMB'000*	31 December 2012 (Audited) *RMB'000*
Within 1 year	**870,246**	799,618
Over 1 year	**10,684**	13,303
	880,930	812,921

The trade payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

12. EVENTS AFTER THE REPORTING PERIOD

The Board proposed a bonus issue of two bonus shares for every 10 existing shares, being conditional upon, among others, the passing of ordinary resolution by shareholders of the Company in the forthcoming extraordinary general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The first half of 2013 saw a rather restless real estate market in China. In February, the State Council issued "New National Five Measures", reiterating its will to regulate and control the country's real estate market. The new central government also expressed its unswerving determination to regulate the real estate market. Subsequently, local governments successively worked out details of regulation. The implementation of these policies and detailed rules intend to curb house purchases for speculation and investment, stabilize prices and satisfy reasonable housing needs through house purchase restrictions, differential housing credits and taxation policies and other measures.

Despite these macro-control measures and detailed rules introduced by governments at all levels, China's real estate market presented a significant overall upward trend in the first half of 2013. Data of the National Bureau of Statistics of China showed that in the first half of 2013, investment in China's real estate fully rebounded and recorded a nation-wide total investment of approximately RMB3.6828 trillion and investment in residential houses of approximately RMB2.5227 trillion for the period, representing an increase of approximately 20.3% and 20.8% respectively compared with the same period last year. After the adjustment in the first quarter of 2012, national housing turnover continued the upward trend. In the first half of 2013, sales amount of commodity housing amounted to approximately RMB3.3376 trillion, representing a sharp increase of approximately 43.2% over the same period last year; especially, the sales amount of commodity residential houses jumped by approximately 46.0%. In general, the strong sales momentum fueled rising residential housing prices. Meanwhile, regarding the land market, developers were enthusiastic about land acquisition and "Land Kings" appeared one after another.

Despite continued policy regulations, both the trading volume and price of the real estate market continued its upward trend. Such a contradiction added many uncertainties to China's real estate market. This requires developers to judge the market trend more cautiously and advance step by step.

However, the complex industry environment has not disrupted the Group's development pace. In the first half of 2013, the Group recorded satisfactory performances through the joint efforts of all staff. Set out below is the Group's operations in the period under review and the outlook for the future.

BUSINESS OVERVIEW

Property Sales

Ever since 2012, supported by sufficient funds and guaranteed product quality, the Group has accelerated its pace of project development. Meanwhile, the Group, in line with changes in market demand, timely adjusted its product structure and appropriately increased the proportion of rigid demand products with high turnover in the product mix. All these measures have cemented a substantial growth in both revenue recognition and contracted sales amount for the Group. In the period under review, the Group recognized delivered area of 454,293 sq.m. and revenue from property sales of approximately RMB3,651,008,000, representing a substantial year-on-year growth of approximately 3.8 times and 3.6 times, respectively.

Benefiting from reasonable marketing plans and effective sales strategies, the Group's contracted sales amount hit a new record high in the period under review. For the six months ended 30 June 2013, the Group and its jointly-controlled entities realized a contracted sales area of 409,754 sq.m. (including contracted sales area of 51,003 sq.m. from jointly-controlled entities) and contracted sales amount of approximately RMB5.155 billion (including contracted sales amount of approximately RMB603 million from jointly-controlled entities), jumping by approximately 69% and 150%, respectively. The average unit selling price was approximately RMB12,581 per sq.m. The first half of 2013 fulfilled approximately 69% of the whole year's sales target of RMB7.5 billion.

During the period under review, the Group had a total of 14 projects under sales, three of which were newly launched, namely, The Prestige in Xiamen, Sapphire Boomtown Phase 2 in Zhangzhou and The Regent in Quanzhou. Property sales distribution by city during the period under review is set out as follows:

City	Contracted Sales Area *(sq.m.)*	Contracted Sales Amount *(RMB Million)*
Quanzhou	242,068	2,179
Xiamen	117,195	2,616
Zhangzhou	44,434	278
Others	6,057	82
Total	**409,754**	**5,155**

Property Development

In the first half of 2013, the Group's construction work of different projects progressed smoothly. As at 30 June 2013, the Group had nine projects under development, with an aggregate planned gross floor area ("**GFA**") of approximately 1.48 million sq.m. (including approximately 167,000 sq.m. of an investment property under development). Details of properties under development are as follows:

Name of Project	City	Type of Property	Percentage of Interest Attributable to the Group *(%)*	Total Planned GFA *(sq.m.)*
Fortune Plaza • World City	Quanzhou	Commercial	58	301,460
The Regent	Quanzhou	Residential and commercial	34	256,196
Portion A of Gold Coast Phase 1 (high-rise portion)	Quanzhou	Residential, commercial and tourism related integrated development	45	83,828
Sunshine Town Phase 2	Quanzhou	Residential and commercial	100	220,229
Sunshine City	Xiamen	Residential and commercial	100	143,000
The Prestige	Xiamen	Residential	65	89,244
Sapphire Boomtown Phase 2	Zhangzhou	Residential and commercial	100	163,033
Royal Spring City • Spring Villa	An'shan	Residential and commercial	70	168,729
SCE International Community Phase 2	Linfen	Residential and commercial	100	55,674
Total				**1,481,393**

Land Bank

We continued our prudent strategy in land bank expansion, i.e., striking a balance between risk control and active, steady expansion. During the period under review, we acquired land parcels through acquisitions and bidding in Quanzhou and Zhangzhou of Fujian Province, and Nanchang of Jiangxi Province with an aggregate planned GFA of approximately 1.74 million sq.m. (planned GFA attributable to the Group of approximately 1.2 million sq.m.) for a total consideration of approximately RMB2.324 billion (consideration attributable to the Group of approximately RMB1.723 billion), with average land cost of approximately RMB1,333 per sq.m. Wherein, the successful bidding for land located in Nanchang represented a milestone step in our expansion into Jiangxi Province and the pan-West Taiwan Strait Economic Zone.

As at 30 June 2013, the Group owned a land bank with an aggregate planned GFA of approximately 10 million sq.m. (planned GFA attributable to the Group of approximately 6.9 million sq.m.).

In respect of project development progress, in addition to the above-mentioned properties under development of approximately 1.48 million sq.m., the Group's land bank also includes approximately 84,000 sq.m. of completed investment properties, approximately 410,000 sq.m. of completed properties held for sale, planned GFA of approximately 160,000 sq.m. under signed framework agreement and planned GFA of approximately 7.87 million sq.m. of properties held for future development. Details of the properties held for future development as at 30 June 2013 are set out as follows:

Name of Project	**City**	**Type of Property**	**Percentage of Interest Attributable to the Group** *(%)*	**Total Planned GFA** *(sq.m.)*
Fortune Plaza Phases 4 & 5	Quanzhou	Residential, commercial, office and hotel	58	500,785
Portion B of Gold Coast Phase 1, Phases 2 & 3	Quanzhou	Residential, commercial and tourism related integrated development	45	1,095,608
International Finance Center	Quanzhou	Commercial	34	148,804
Nan'an World City	Quanzhou	Residential and commercial	80	660,000
SCE Mall	Quanzhou	Residential and commercial	60	297,529
Sunshine City	Quanzhou	Residential and commercial	100	137,902
The Prestige	Quanzhou	Residential and commercial	100	111,972
SCE Plaza	Quanzhou	Residential, commercial and office	51	370,115
Sunshine Park	Quanzhou	Residential and commercial	51	232,643
Licheng Project	Quanzhou	Residential and commercial	60	290,000
Sapphire Boomtown Phases 3 & 4	Zhangzhou	Residential and commercial	100	208,688
Sunshine City	Zhangzhou	Residential and commercial	70	429,316
Sapphire Boomtown	Longyan	Residential	100	267,240
Sapphire Boomtown	Nanchang	Residential and commercial	100	310,000
Sunshine City Phase 1	Shenzhen	Residential and commercial	63	268,331
Beijing Project	Beijing	Office and commercial	100	38,195
Royal Spring City (excluding Phase 1)	An'shan	Residential and commercial	70	1,645,139
SCE International Community (excluding Phases 1 & 2)	Linfen	Residential and commercial	100	430,204
Sapphire Boomtown	Langfang	Residential and commercial	55	424,777
Total				**7,867,248**

From a geographic distribution perspective, the Group owned 29 projects spanning across 14 cities. Approximately 68% of the Group's land bank was located in the West Taiwan Strait Economic Zone, approximately 28% in the Bohai Rim Economic Zone, and the remaining 4% in Shenzhen in the Pearl River Delta Economic Zone.

Financial Strategy

The Group is committed to maintaining a sound financial condition, sufficient cash flows and a healthy level of indebtedness. Since getting listed in 2010, the Group has been actively utilizing international capital platforms to enrich its financial basis. During the period under review, we successfully issued additional senior notes of US$150 million at a coupon rate of 11.5% due 2017 to institutional investors in January 2013. The issuance price was 108% of the principal amount of the senior notes, and the actual yield was approximately 9.4%. The above senior notes and the senior notes of US$200 million with a coupon rate of 11.5% issued in November 2012 are consolidated and formed a single series of senior notes (collectively, the "**2012 Senior Notes**"). Such overseas financing can well support the further development of businesses of the Group.

OUTLOOK

Despite the ongoing impact of policy factors on the real estate market, we are cautiously optimistic about China's real estate market in the second half of 2013. We believe that rigid housing demand will still be prominent in the foreseeable long term attributable to China's fast urbanization. In addition, as people's living standards improve, the demand for improved housing will be more evident. So we believe that China's real estate market will experience a rigid demand release process spanning a relatively long period of time.

In the second half of 2013, the Group will continue to implement prudent financial strategies, capture market opportunities and steadily expand various businesses.

Project Development

Projects Planned for Pre-Sale

In the second half of 2013, the Group will launch seven new projects to the market, namely, Fortune Plaza • Marina Bay, Sunshine Town Phase 2, Sunshine City, SCE Mall and The Prestige in Quanzhou, Sapphire Boomtown in Longyan, and SCE International Community Phase 2 in Linfen. Together with the unsold part of the launched projects, the Group will have a total area available for sale of approximately 900,000 sq.m. in the second half of 2013.

Projects Planned for Commencement

Based on the current project progress, the Group expects to kick off nine projects with a total planed GFA of approximately 1.96 million sq.m. in the second half of 2013, details of which are set out as follows:

Name of Project	**City**	**Type of Property**	**Percentage of Interest Attributable to the Group** *(%)*	**Total Planned GFA** *(sq.m.)*
Portion B of Gold Coast Phase 1	Quanzhou	Residential, commercial and tourism related integrated development	45	193,008
Fortune Plaza • Marina Bay	Quanzhou	Residential and commercial	58	233,151
SCE Mall	Quanzhou	Residential and commercial	60	297,529
Sunshine City	Quanzhou	Residential and commercial	100	137,902
The Prestige	Quanzhou	Residential and commercial	100	111,972
Parkview Bay	Quanzhou	Residential and commercial	80	215,332
Sunshine Park	Quanzhou	Residential and commercial	51	232,643
Sapphire Boomtown	Longyan	Residential	100	267,240
Sunshine City Phase 1	Shenzhen	Residential and commercial	63	268,331
Total				**1,957,108**

Properties Planned for Completion

Properties of approximately 1.17 million sq.m. (including approximately 174,000 sq.m. of investment properties) will be completed in the full year of 2013, details of which are set out as follows:

Name of Project	City	Type of Property	Percentage of Interest Attributable to the Group	Total Planned GFA
			(%)	*(sq.m.)*
Portion A of Gold Coast Phase 1 (low-rise portion)	Quanzhou	Residential, commercial and tourism related integrated development	45	34,232
Fortune Plaza • World City (shopping mall and pedestrian-walkway shops)	Quanzhou	Commercial	58	182,188
Fortune Plaza • Royal Terrace (high-rise portion)	Quanzhou	Residential	58	202,129
Sapphire Peninsula	Quanzhou	Residential and commercial	100	267,676
Sunshine Mansion Phase 2	Quanzhou	Residential and commercial	80	172,156
Sunshine City	Xiamen	Residential and commercial	100	143,000
Royal Spring City • Spring Villa	An'shan	Residential and commercial	70	168,729
Total				**1,170,110**

Based on current construction progress and pre-sale status of various projects, it is estimated that the recognized revenue and delivered area will grow substantially in 2013 when compared to that of 2012.

Business Strategy

Currently, our national development strategy of "firming its foothold in the West Taiwan Strait Economic Zone, expanding into the Bohai Rim Economic Zone and paying attention to the Pearl River Delta Economic Zone" will not be altered in the foreseeable future. The West Taiwan Strait Economic Zone will still be our priority for development. In the coming years, we will continue to tap our geographic advantages in Fujian Province while actively seeking market opportunities in other parts of Fujian Province outside Southern Fujian, to further expand our market share in Fujian Province.

For areas outside the West Taiwan Strait Economic Zone, we will actively explore opportunities in first-tier and second-tier cities as well as provincial capitals as these cities boast outstanding market potential and development prospects with their relatively robust economic growth, growing population, and the increasingly higher purchasing power of residents. We believe that development in these cities will help us comprehensively enhance our brand recognition and effectively disperse risks of future development.

As to product strategy, we are actively adjusting our product mix in accordance with market changes, and will build more products for rigid demands and improved housing demands, to achieve faster turnaround amidst the harsh industry environment.

Meanwhile, we will continue to shape our brand image with the pursuit of high quality products, which we believe is the basis to form brand awareness, improve profitability and enhance risk resistant capabilities. We are devoted to building high-quality products catering for customer needs; this is our long-term pursuit and the representation of our corporate mission "We Build to Inspire". Currently, the Group has earned a good word of mouth reputation in the West Taiwan Strait Economic Zone, with obvious regional comparative advantages. Within the next few years, we will strive to cement high brand awareness in our regions of operation.

As a sure-footed developer, we will cautiously evaluate market changes and trends, actively seek business development opportunities and do our best to maximize the interests of our customers, shareholders and investors.

FINANCIAL REVIEW

Revenue

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

The revenue increased significantly by approximately 3.5 times from approximately RMB836,470,000 in the first half of 2012 to approximately RMB3,722,512,000 in the first half of 2013, which was attributable to the significant increase in property sales income.

- **Sale of properties**

  Income from property sales increased significantly by approximately 3.6 times from approximately RMB791,507,000 in the first half of 2012 to approximately RMB3,651,008,000 in the first half of 2013, which was mainly due to the significant increase in delivered area of approximately 3.8 times from approximately 94,228 sq.m. in the first half of 2012 to approximately 454,293 sq.m. in the first half of 2013, despite the decrease in average unit selling price from approximately RMB8,400 per sq.m. in the first half of 2012 to approximately RMB8,037 per sq.m. in the first half of 2013.

- **Rental income**

  Rental income increased by approximately 39.3% from approximately RMB26,038,000 in the first half of 2012 to approximately RMB36,275,000 in the first half of 2013, which was mainly attributable to the increase in rental income from the shopping mall of World City in Beijing.

- **Property management income**

  Property management income increased by approximately 86.2% from approximately RMB18,925,000 in the first half of 2012 to approximately RMB35,229,000 in the first half of 2013, which was mainly attributable to the increase in number and floor area of properties under management.

Cost of Sales

Cost of sales increased significantly by approximately 4.2 times from approximately RMB478,926,000 in the first half of 2012 to approximately RMB2,486,693,000 in the first half of 2013. The significant increase in cost of sales was mainly attributable to the significant increase in the delivery of completed projects.

Gross Profit

Gross profit increased significantly by approximately 2.5 times from approximately RMB357,544,000 in the first half of 2012 to approximately RMB1,235,819,000 in the first half of 2013. Gross profit margin decreased from approximately 42.7% in the first half of 2012 to approximately 33.2% in the first half of 2013. The decrease in gross profit margin was attributable to higher proportion of mid-end products with relatively lower gross profit margin was delivered during the period.

Changes in Fair Value of Investment Properties

The fair value gains of investment properties decreased by approximately 23.0% from approximately RMB264,346,000 in the first half of 2012 to approximately RMB203,484,000 in the first half of 2013. The fair value gains of investment properties mainly represented the appreciation in value of the shopping malls of Fortune Plaza • World City in Quanzhou and World City in Beijing.

Selling and Marketing Expenses

Selling and marketing expenses increased significantly by approximately 1.2 times from approximately RMB31,211,000 in the first half of 2012 to approximately RMB69,064,000 in the first half of 2013. The significant increase in selling and marketing expenses was mainly attributable to the significant increase in the contracted sales amount from projects launched for pre-sale.

Administrative Expenses

Administrative expenses increased by approximately 17.8% from approximately RMB114,670,000 in the first half of 2012 to approximately RMB135,086,000 in the first half of 2013. The increase in administrative expenses was mainly attributable to the increase in administrative staff costs due to employment of additional management personnel and operating expenses to cope with the needs of business expansion.

Finance Costs

Finance costs increased significantly by approximately 3.7 times from approximately RMB33,464,000 in the first half of 2012 to approximately RMB158,820,000 in the first half of 2013. Finance costs mainly represented borrowing costs of partial 2012 Senior Notes which have not been capitalized as such proceeds were not used for project developments.

Income Tax Expense

Income tax expense increased significantly by approximately 2.2 times from approximately RMB163,730,000 in the first half of 2012 to approximately RMB516,099,000 in the first half of 2013. The significant increase in income tax expense was mainly due to the significant increase in the delivery of completed projects during the period.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent increased significantly by approximately 1.5 times from approximately RMB199,849,000 in the first half of 2012 to approximately RMB498,310,000 in the first half of 2013, which was mainly attributable to the significant increase in the delivery of completed projects during the period. Earnings per share increased significantly by approximately 1.5 times from RMB7.0 cents in the first half of 2012 to RMB17.5 cents in the first half of 2013.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2013, the Group's cash and bank balances were approximately RMB3,718,874,000 (31 December 2012: approximately RMB3,128,290,000), of which approximately RMB2,674,548,000 (31 December 2012: approximately RMB2,373,094,000) was denominated in RMB, approximately RMB69,872,000 (31 December 2012: approximately RMB15,454,000) was denominated in Hong Kong dollars and approximately RMB974,454,000 (31 December 2012: approximately RMB739,742,000) was denominated in US dollars.

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. The Group also places certain deposits in banks in the PRC to secure certain loans from banks in Hong Kong and the PRC. As at 30 June 2013, the amount of restricted cash and pledged deposits were approximately RMB230,233,000 (31 December 2012: approximately RMB678,069,000) and approximately RMB155,000,000 (31 December 2012: approximately RMB173,000,000), respectively.

Borrowings and Pledged Assets

As at 30 June 2013, the balances of the Group's bank and other borrowings and senior notes amounted to approximately RMB4,517,484,000 (31 December 2012: approximately RMB3,760,300,000) and approximately RMB4,157,478,000 (31 December 2012: approximately RMB3,195,049,000), respectively. Of the bank and other borrowings, approximately RMB1,752,321,000 (31 December 2012: approximately RMB2,111,571,000) was repayable within one year, approximately RMB1,484,681,000 (31 December 2012: approximately RMB1,266,898,000) was repayable in the second year and approximately RMB1,280,482,000 (31 December 2012: approximately RMB381,831,000) was repayable within three to five years. The senior notes of RMB2 billion at a coupon rate of 10.5% due 2016 issued by the Company in January 2011 (the "**2011 Senior Notes**") and the 2012 Senior Notes were for a term of five years and, unless early redeemed, will mature on 14 January 2016 and 14 November 2017, respectively.

As at 30 June 2013, approximately RMB4,517,484,000 (31 December 2012: approximately RMB3,760,300,000) of bank and other borrowings was secured by the Group's bank deposits, property and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale with a total carrying value of RMB7,512,664,000 (31 December 2012: approximately RMB7,708,590,000), and capital stocks of certain subsidiaries. The 2011 Senior Notes and the 2012 Senior Notes were guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

As at 30 June 2013, except for certain bank loans of approximately RMB388,599,000 (31 December 2012: approximately RMB493,727,000) and the 2012 Senior Notes of approximately RMB2,186,494,000 (31 December 2012: RMB1,228,886,000) which were denominated in Hong Kong dollars and US dollars, respectively, all the Group's bank and other borrowings were denominated in Renminbi. The 2011 Senior Notes were denominated in Renminbi but have been swapped into US dollars by the various cross currency swap contracts entered into by the Group in 2012.

As at 30 June 2013, except for a non-current bank loan of RMB60,000,000 (31 December 2012: Nil) and a current bank loan of RMB34,000,000 (31 December 2012: Nil) bearing interest at fixed interest rate, all the Group's bank loans bear interest at floating interest rate. As at 30 June 2013 and 31 December 2012, other borrowings, the 2011 Senior Notes and 2012 Senior Notes bear interest at fixed interest rate.

Gearing Ratio

The net gearing ratio was calculated by dividing the net amount of borrowings (including bank and other borrowings, the 2011 Senior Notes and the 2012 Senior Notes after deduction of cash and cash equivalents, restricted cash and pledged deposits) by total equity. As at 30 June 2013, the net gearing ratio was 65.7% (31 December 2012: 55.3%).

Exchange Rate Fluctuation Exposures

The majority of the Group's income, expenses, bank deposits and bank and other borrowings are denominated in Renminbi. Save as certain bank deposits, bank loans and the 2012 Senior Notes which were denominated in foreign currencies, exchange rate changes of Renminbi against other currencies will not have a material adverse effect on the operation of the Group. In addition, the Group had entered into various cross currency swap contracts in 2012 in order to manage foreign currency risk arising from retranslation of the 2011 Senior Notes held by the Company.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group provided financial guarantees to the banks in respect of the following items:

	30 June 2013 (Unaudited) ***RMB'000***	31 December 2012 (Audited) *RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**3,771,889**	2,877,392

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

	30 June 2013 (Unaudited) ***RMB'000***	31 December 2012 (Audited) *RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the jointly-controlled entities' properties	**164,115**	75,804

CAPITAL COMMITMENTS

As at 30 June 2013, the capital commitments of the Group were as follows:

	30 June 2013 (Unaudited) *RMB'000*	31 December 2012 (Audited) *RMB'000*
Contracted, but not provided for:		
Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	**5,482,000**	2,759,219

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

	30 June 2013 (Unaudited) *RMB'000*	31 December 2012 (Audited) *RMB'000*
Contracted, but not provided for:		
Capital expenditure for jointly-controlled entities' properties under development in Mainland China	**43,103**	54,056

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2013, the Group had a total of 1,822 employees (31 December 2012: 1,600 employees). The total cost of employees was approximately RMB64,119,000 (six months ended 30 June 2012: approximately RMB49,812,000). We provide employees with competitive remuneration and benefits, and the remuneration policy will be reviewed on a regular basis based on the performance and contribution of the employees and the industry remuneration level. In addition, the Group also provides various training courses to enhance the employees' skills and capabilities in all aspects.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2013, the Company and the Board had been in compliance with the code provisions of the Corporate Governance Code (the "**Code**") set out in Appendix 14 to the Listing Rules, save as disclosed below.

Under Rule A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the period, Mr. Wong Chiu Yeung performed his duties as the chairman and the chief executive officer of the Company. The Board believes that serving by the same individual as chairman and chief executive officer during the stage of rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 6 January 2010 in compliance with Rule 3.21 of the Listing Rules. As required, the Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman. The other two members are Mr. Lu Hong Te and Mr. Dai Yiyi. 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.

During the period under review, the Audit Committee oversaw the entire financial reporting process and the internal control measures; discussed the accounting principles and policies adopted by the Group together with the management and the external auditors; and reviewed the unaudited interim condensed financial statements for the six months ended 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND AND BONUS ISSUE

The Board has resolved to declare an interim dividend of HK6 cents per ordinary share for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil) and to propose a bonus issue (the "**Bonus Issue**") of two bonus shares (the "**Bonus Shares**") for every 10 existing ordinary shares held by the shareholders of the Company whose names appear on the register of members on 19 September 2013. The interim dividend will be paid to the shareholders of the Company on or about 30 September 2013. The proposed Bonus Issue is conditional upon, among others, the passing of ordinary resolution by shareholders of the Company in the extraordinary general meeting (the "**EGM**") of the Company. Please refer to the circular to be dispatched to the shareholders of the Company in accordance with the Listing Rules for further details of the proposed Bonus Issue.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(a) for the purpose of determining shareholders who are entitled to attend and vote at the EGM to be held on Monday, 9 September 2013, the register of members of the Company will be closed from Thursday, 5 September 2013 to Monday, 9 September 2013, both days inclusive, during which no transfer of shares can be registered. In order to qualify for attending and voting at the EGM, all transfer documents should be lodged for registration with 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, Hong Kong not later than 4:30 p.m. on Wednesday, 4 September 2013; and

(b) for the purpose of determining shareholders who are qualified for the entitlement to the interim dividend for the six months ended 30 June 2013 and the Bonus Shares, the register of members of the Company will be closed from Tuesday, 17 September 2013 to Thursday, 19 September 2013, both days inclusive, during which no transfer of shares can be registered. In order to qualify for the entitlement to the interim dividend for the six months ended 30 June 2013 and the Bonus Shares, all transfer documents should be lodged for registration with Company's Hong Kong share registrar at the above address not later than 4:30 p.m. on Monday, 16 September 2013.

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 2013 interim report of the Group containing the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Company and of the Hong Kong Stock Exchange in due course.

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

Hong Kong, 14 August 2013

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, Mr. Li Wei and Mr. Huang Youquan, and the independent non-executive Directors are Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi.