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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 2014

FINANCIAL HIGHLIGHTS

- Contracted sales amount increased by approximately 10.1% to approximately RMB11,907,746,000 and contracted sales area increased by approximately 28.2% to 1,304,590 sq.m..
- Revenue increased by approximately 4.5% to approximately RMB6,887,392,000.
- Gross profit margin increased to 34.9% from 28.0% in 2013.
- Profit for the year increased by approximately 33.4% to approximately RMB1,567,041,000.
- Core net profit margin increased to 14.6% from 11.0% in 2013.
- Profit attributable to owners of the parent increased to approximately RMB900,580,000.
- Basic earnings per share increased to approximately RMB26.3 cents.
- Cash and bank balances increased by approximately 8.4% to approximately RMB4,732,158,000 as at 31 December 2014.
- Net gearing ratio was 68.0% as at 31 December 2014.

The board (the “**Board**”) of directors (the “**Directors**”) 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 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
REVENUE	*5*	**6,887,392**	6,588,124
Cost of sales		**(4,485,001)**	(4,742,908)
Gross profit		**2,402,391**	1,845,216
Other income and gains	*5*	**96,836**	162,562
Changes in fair value of investment properties		**749,701**	602,909
Selling and marketing expenses		**(248,227)**	(184,547)
Administrative expenses		**(343,157)**	(301,445)
Other expenses		**–**	(711)
Finance costs	*6*	**(160,388)**	(246,103)
Exchange differences arising from retranslation of senior notes, net		**19,705**	–
Share of profits of:			
Joint ventures		**21,444**	25,772
Associates		**784**	1,689
PROFIT BEFORE TAX	*7*	**2,539,089**	1,905,342
Income tax expense	*8*	**(972,048)**	(731,078)
PROFIT FOR THE YEAR		**1,567,041**	1,174,264
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		**(24,916)**	131,618
Reclassification adjustments for exchange gains/(losses) included in profit or loss	*7*	**26,596**	(55,232)
		1,680	76,386
Reclassification of hedged gain to profit or loss upon termination of cash flow hedges		**(26,884)**	–
		(25,204)	76,386
Share of other comprehensive loss of joint ventures		**(5,968)**	(357)
Share of other comprehensive income/(loss) of associates		**(12)**	14
Exchange differences on translation of foreign operations		**(93,854)**	88,413
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(125,038)**	164,456
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,442,003**	1,338,720

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
Year ended 31 December 2014

	Note	**2014** *RMB'000*	2013 *RMB'000*
Profit attributable to:			
Owners of the parent		**900,580**	887,816
Holders of perpetual capital instruments		**68,202**	–
Non-controlling interests		**598,259**	286,448
		1,567,041	1,174,264
Total comprehensive income attributable to:			
Owners of the parent		**793,097**	1,030,911
Holders of perpetual capital instruments		**68,202**	–
Non-controlling interests		**580,704**	307,809
		1,442,003	1,338,720
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted		**RMB26.3 cents**	RMB25.9 cents

Details of dividends for the year are disclosed in note 9 to this results announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	**2014**	2013
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**133,463**	154,712
Investment properties		**4,801,200**	4,012,400
Prepaid land lease payments		**2,345,797**	2,671,226
Intangible asset		**3,986**	4,153
Properties under development		**1,635,932**	1,464,333
Contract in progress		**566,286**	441,202
Investments in joint ventures		**506,365**	130,889
Investments in associates		**54,148**	53,376
Prepayments and deposits		**698,356**	1,539,239
Derivative financial instruments		**–**	99,981
Deferred tax assets		**210,338**	155,871
Total non-current assets		**10,955,871**	10,727,382
CURRENT ASSETS			
Properties under development		**12,244,971**	8,024,674
Completed properties held for sale		**3,337,454**	2,289,127
Trade receivables	*11*	**101,050**	166,810
Prepayments, deposits and other receivables		**1,887,760**	1,204,030
Due from related parties		**851,822**	17,401
Prepaid income tax		**331,986**	134,232
Restricted cash		**871,469**	1,000,670
Pledged deposits		**327,008**	65,000
Cash and cash equivalents		**3,533,681**	3,299,604
Total current assets		**23,487,201**	16,201,548
CURRENT LIABILITIES			
Trade and bills payables	*12*	**1,512,823**	1,255,128
Receipts in advance		**6,572,830**	4,502,166
Other payables and accruals		**1,125,341**	1,534,301
Interest-bearing bank and other borrowings		**3,699,883**	2,409,326
Due to related parties		**352,537**	235,863
Tax payable		**920,210**	659,557
Total current liabilities		**14,183,624**	10,596,341

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
31 December 2014

	2014	2013
	RMB'000	*RMB'000*
NET CURRENT ASSETS	**9,303,577**	5,605,207
TOTAL ASSETS LESS CURRENT LIABILITIES	**20,259,448**	16,332,589
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**4,334,910**	3,157,212
Senior notes	**4,192,220**	4,132,756
Deferred tax liabilities	**693,718**	520,491
Provision for major overhauls	**24,842**	19,923
Total non-current liabilities	**9,245,690**	7,830,382
Net assets	**11,013,758**	8,502,207
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**295,732**	295,732
Reserves	**6,249,356**	5,443,274
	6,545,088	5,739,006
Perpetual capital instruments	**1,173,000**	–
Non-controlling interests	**3,295,670**	2,763,201
Total equity	**11,013,758**	8,502,207

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.

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

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with 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 and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These 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 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 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicated that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group does not have any levies.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

The Group has not applied other new and revised HKFRSs that have been issued but are not yet effective. The Group is in process of making an assessment of the impact of the other 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 below.

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

During the years ended 31 December 2014 and 2013, 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:

	Note	**2014**	2013
		RMB'000	*RMB'000*
Revenue			
Sale of properties		**6,709,957**	6,440,475
Gross rental income		**87,791**	76,719
Property management fees		**89,644**	70,930
		6,887,392	6,588,124
Other income and gains			
Bank interest income		**40,490**	43,825
Foreign exchange gains, net	*7*	**–**	19,943
Gain on disposal of items of property and equipment, net		**137**	40
Gain on disposal of a subsidiary		**–**	80,276
Reclassification of hedged gain to profit or loss upon termination of cash flow hedges		**26,884**	–
Forfeiture income on deposits received		**11,459**	6,971
Others		**17,866**	11,507
		96,836	162,562

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest on bank and other borrowings and senior notes wholly repayable within five years	**1,033,489**	864,862
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**959**	737
Loss on derivative financial instruments	**11,207**	18,515
Total interest expense on financial liabilities not at fair value through profit or loss	**1,045,655**	884,114
Less: Interest capitalised	**(885,267)**	(638,011)
	160,388	246,103

7. PROFIT BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of properties sold	**4,416,193**	4,697,847
Cost of services provided	**68,641**	44,895
Depreciation	**29,406**	29,763
Amortisation of land lease payments	**31,757**	42,181
Amortisation of an intangible asset	**167**	166
Provision for major overhauls	**4,384**	4,196
Minimum lease payments under operating leases for land and buildings	**5,294**	5,631
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**293**	409
Auditors' remuneration	**3,185**	2,945
Employee benefit expense (including directors' remuneration):		
Salaries and other staff costs	**179,468**	159,171
Pension scheme contributions	**22,708**	15,615
Less: Amount capitalised	**(42,968)**	(38,398)
	159,208	136,388
Write-off of items of property and equipment	**–**	711
Gain on disposal of items of property and equipment, net	**(137)**	(40)
Exchange differences arising from retranslation of senior notes	**(46,301)**	55,232
Less: Reclassification from hedging reserve as a result of cash flow hedges	**26,596**	(55,232)
Net exchange differences arising from retranslation of senior notes, net	**(19,705)**	–
Other foreign exchange differences, net	**28,100**	(19,943)
Exchange differences, net	**8,395**	(19,943)

8. 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 year (2013: 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.

	2014	2013
	RMB'000	*RMB'000*
Group:		
Current charge for the year:		
PRC corporate income tax	**509,799**	337,906
PRC land appreciation tax	**401,643**	280,300
Overprovision in prior years:		
Hong Kong	**–**	(5,437)
Mainland China	**(58,154)**	(31,951)
	853,288	580,818
Deferred	**118,760**	150,260
Total tax charge for the year	**972,048**	731,078

9. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Interim dividend — Nil (2013: HK6 cents per ordinary share)	**–**	135,783

The directors do not recommend payment of any final dividend for the year ended 31 December 2014.

10. 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 year attributable to owners of the parent, and the weighted average number of ordinary shares of 3,423,840,000 (2013: 3,423,840,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2013 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 of three months to the lessees of the Group's investment properties, extending up to six months for major customers.

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

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

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**100,465**	166,034
1 to 6 months past due	**125**	196
7 to 12 months past due	**–**	–
Over 1 year past due	**460**	580
	101,050	166,810

12. TRADE AND BILLS PAYABLES

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

	2014	2013
	RMB'000	*RMB'000*
Within 1 year	**1,480,977**	1,226,721
Over 1 year	**31,846**	28,407
	1,512,823	1,255,128

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2014, the real estate market in the PRC reversed its fast growing momentum. The supply overtopped the demand in most cities, creating downward pressure against the sales as a whole. According to the "National Real Estate Development and Sales in 2014" (二零一四年全國房地產開發和銷售情況) issued by National Bureau of Statistics of the PRC, the sales area of national commodity housing stood at approximately 1.2 billion sq.m. for the year 2014, representing a decrease of approximately 7.6% as compared with that of last year, of which the sales area of residential housing dropped by approximately 9.1%. The sales of national commodity housing amounted to approximately RMB7,629.2 billion, representing a year-on-year decrease of approximately 6.3%, of which the sales amount of residential housing decreased by approximately 7.8% as compared with that of last year.

Given the adjustment and control policies in place for the real estate market, the Central Government commenced reducing its fiscal intervention over the real estate market, and instead it relied on the inherent adjustment of the supply-demand relationship in the market. In May 2014, the central bank required all banks to support mortgage loans to the first house purchase for self-residence purpose. Starting from June, local governments in a dozens of cities across the country rescinded or significantly relaxed purchasing restrictions. In September, the central bank and China Banking Regulatory Commission jointly released the "Notice on Further Preparation for Financial Services Related to Housing" (關於進一步做好住房金融服務工作的通知), which confirmed the relaxation of loan policies closely related to the purchase of housing for self-residence. In November, the central bank announced its decision to cut interest rates, lowering the benchmark interest rates of RMB-denominated loans and deposits with financial institutions. A sequence of policies and guidance helped narrow the decreasing sales in the real estate market for the fourth quarter of 2014, resulting in a market recovery.

BUSINESS REVIEW

Contracted Sales

Despite a declining market environment during the year, the Group remained positive in response. By facilitating sales of properties and adopting flexible pricing policies, the Group continued to achieve satisfactory contracted sales.

In 2014, the Group and its joint ventures achieved a contracted sales amount of approximately RMB11.908 billion (including the sales amount of approximately RMB1.707 billion from the joint ventures) and a contracted sales area of approximately 1.3 million sq.m. (including the sales area of approximately 118,279 sq.m. from the joint ventures), representing a year-on-year increase of approximately 10% and 28%, respectively. The average selling price for the year was approximately RMB9,128 per sq.m..

During the year, the Group launched ten new projects for sale, namely Sunshine City Phase 1 in Shenzhen; Sapphire Boomtown in Nanchang; Sunshine Park Phase 1, SCE Mall, Portion B of Gold Coast Phase 1, and Gold Coast Phase 2 in Quanzhou; Sapphire Boomtown Phase 3 and Sunshine City Phase 2 in Zhangzhou; Sunshine City Phase 1 in Langfang; and SCE International Community Phase 3 in Linfen. Along with unsold portions of the projects launched for pre-sale in previous years, the Group had a saleable area of approximately 2.1 million sq.m. for sale in 2014. Apart from consolidating the market share in Fujian Province during the year, the Group continued to explore markets outside Fujian Province. Sales amount of three new projects outside Fujian Province, including Sunshine City Phase 1 in Shenzhen, Sapphire Boomtown in Nanchang, and Sunshine City Phase 1 in Langfang, in aggregate accounted for approximately 24% of the total contracted sales amount. The distribution of contracted sales by city achieved by the Group and its joint ventures during the year is set out below:

City	**Contracted Sales Area** *(sq.m.)*	**Contracted Sales Amount** *(RMB Million)*
Shenzhen	105,071	1,286
Xiamen	106,190	1,556
Nanchang	98,738	756
Quanzhou	525,661	4,755
Zhangzhou	273,710	2,116
Langfang	97,582	853
Others	97,638	586
Total	1,304,590	11,908

Project Development

In 2014, the Group had 11 projects that officially commenced construction with an aggregate planned gross floor area ("GFA") exceeding 1.9 million sq.m.. These 11 new projects under construction included The Prestige and SCE Plaza Phase 1 in Shanghai; Sapphire Boomtown in Nanchang; SCE Mall, Sapphire Residences, and Gold Coast Phase 2 in Quanzhou; Portion B of Sunshine City Phase 1, Sunshine City Phase 2, and Sapphire Boomtown Phase 3 in Zhangzhou; Sunshine City Phase 1 in Langfang; and SCE International Community Phase 3 in Linfen.

During the year, the Group vigorously developed its market in the Yangtze River Delta Economic Zone, successfully commenced the construction of The Prestige and SCE Plaza Phase 1 in Shanghai. Of these projects, The Prestige, locating in the prime and core section in Putuo District, comprises high-rise residential apartments and townhouses, whereas SCE Plaza, locating in Hongqiao Central Business District in close proximity to Shanghai Hongqiao Railway Station and Shanghai Hongqiao International Airport, is to be developed into an office-cum-commercial complex. The launch of these two projects is expected to take place in the third quarter of 2015, by then the Group's business presence in the Yangtze River Delta Economic Zone is expected to have embraced a brand new development phase.

As at 31 December 2014, the Group and its joint ventures had 27 projects under development, with an aggregate planned GFA of approximately 4.55 million sq.m., details of which are set out as below:

Name of Project	City	Type of Property	Percentage of Interest Attributable to the Group (%)	Total Planned GFA (sq.m.)	Expected Year of Completion
The Prestige	Shanghai	High-rise residential, villas and retail shops	100	78,402	2017
SCE Plaza Phase 1	Shanghai	Office and retail shops	50	219,650	2016
Sunshine City Phase 1	Shenzhen	High-rise residential and retail shops	63	268,331	2015
Haicang Vanke Dream Town (Phases 2 to 5)	Xiamen	High-rise residential and retail shops	12	379,098	2015–2017
Sapphire Boomtown	Nanchang	High-rise residential, villas and retail shops	100	301,225	2016
Sunshine City	Quanzhou	High-rise residential, SOHO apartments and retail shops	100	137,902	2015
SCE Mall	Quanzhou	High-rise residential, SOHO apartments, office, fruit wholesale market and retail shops	60	251,290	2016
Gold Coast Phase 1 (Partial)	Quanzhou	High-rise residential and retail shops	45	124,276	2016
Gold Coast Phase 2	Quanzhou	SOHO apartments and retail shops	45	77,045	2015
The Prestige	Quanzhou	High-rise residential and retail shops	100	111,972	2015
SCE Mall (Shishi)	Quanzhou	High-rise residential, SOHO apartments, office and retail shops	60	297,529	2015–2016
Sunshine Park Phase 1	Quanzhou	High-rise residential and retail shops	51	232,643	2015
Sapphire Residences	Quanzhou	High-rise residential and retail shops	100	163,885	2017
Sunshine Town Phase 2	Quanzhou	High-rise residential and retail shops	100	220,229	2015
Parkview Bay	Quanzhou	High-rise residential and retail shops	80	215,332	2015
Purple Lake International Golf Villa (Partial)	Quanzhou	Low-rise residential and villas	49	56,081	2015
Sapphire Boomtown Phase 3	Zhangzhou	High-rise residential, SOHO apartments, office and retail shops	100	206,938	2016
Sunshine City Phase 1	Zhangzhou	High-rise residential and retail shops	70	242,820	2015
Sunshine City Phase 2	Zhangzhou	High-rise residential and retail shops	70	180,239	2016
Sapphire Boomtown	Longyan	High-rise residential	100	267,240	2015
Sunshine City Phase 1	Langfang	High-rise residential and retail shops	55	241,346	2016
Royal Spring City • Spring Villa (Except Zone A)	Anshan	Villas and retail shops	70	135,534	2015
SCE International Community Phase 2	Linfen	High-rise residential and retail shops	70	55,674	2015
SCE International Community Phase 3	Linfen	High-rise residential and retail shops	70	81,822	2016
Total				4,546,503	

Land Bank

In terms of strategies for its land bank, the Group always maintains its prudent attitude, and never demonstrates reckless aggression. In 2014, the Group acquired four lots of land in Shanghai, Quanzhou and Zhangzhou in Fujian Province with an aggregate planned GFA of approximately 670,000 sq.m. (570,000 sq.m. of which was attributable to the Group) for a consideration of approximately RMB3.450 billion (RMB3.194 billion of which was attributable to the Group). Of these lots, the project named "Marina Bay" is located in Pudong New District, Shanghai, targeting at the market of premium homeowners who look for property upgrades. Following the SCE Plaza and The Prestige, Marina Bay is the third project secured by the Group in Shanghai, demonstrating our bold confidence in the prospect of the real estate market in the first-tier cities.

As at 31 December 2014, the Group and its joint ventures owned a land bank with an aggregate planned GFA of approximately 10.46 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 7.00 million sq.m.). By geographic distribution, the West Taiwan Strait Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, and the Pearl River Delta Economic Zone accounted for approximately 63%, 6%, 27%, and 4% of the total land bank, respectively.

Investment Properties

In 2014, the shopping mall of Fortune Plaza • World City in Quanzhou successfully commenced its operation with an aggregate GFA of approximately 170,000 sq.m.. As at 31 December 2014, the occupancy rate of the shopping mall was approximately 90%. This is the second sizable shopping mall held by the Group, following the World City in Beijing. As at 31 December 2014, the Group's completed investment properties had an aggregate GFA of approximately 240,000 sq.m., while its investment properties under construction had an aggregate GFA of approximately 14,000 sq.m..

OUTLOOK

Looking ahead to 2015, the PRC economy will face with various challenges. It is expected that the Central Government will roll out more lax monetary policies to stimulate the domestic economy. As a result, the real estate market will directly benefit from these macroeconomic initiatives. We expect the PRC real estate market in 2015 will continue the mildly friendly business environment evolving from the second half of 2014.

In the future, new models of urbanization will spur a massive growth in the rigid demand for housing, while a large number of existing urban residents look to the availability of housing upgrade. In our opinion, given the high inventory level in third- and fourth-tier cities, it will still take some time to alleviate the pressure from the sell-through rate. Other than this, the real estate market demand in the PRC will continue its growth for a relatively long period. Therefore, in consideration of the landscape of the PRC real estate market, we continue to remain optimistic.

As a property development powerhouse, the Group, with its strong sense of responsibility and mission, will continue improving itself with a pragmatic and industrious attitude, while steadily advancing to new development milestones in 2015.

In 2015, the Group and its joint ventures expect to launch 10 new projects for presale. These projects are The Prestige, SCE Plaza Phase 1, and Marina Bay in Shanghai; Sunshine City Phase 2 in Shenzhen; Sapphire Residences, Sunshine Park Phase 2, and SCE Plaza in Quanzhou; Sunshine City Phase 3 in Zhangzhou; Sunshine City Phase 2 in Langfang; and SCE International Community Phase 4 in Linfen. Together with the unsold portions of projects previously launched, we expect that the area available for sale of the Group and its joint ventures in 2015 amounts to approximately 2.1 million sq.m.. Following the three new presale projects in Shanghai, it is expected that the contracted sales amount outside Fujian Province will continue to increase its proportion.

In 2015, the Group and its joint ventures expect there will be completion of 14 projects. They include Sunshine City Phase 1 in Shenzhen; Haicang Vanke Dream Town Phases 2 and 5 in Xiamen; Sunshine City, Gold Coast Phase 2, The Prestige, SCE Mall (Shishi) Phase 1, Sunshine Park Phase 1, Sunshine Town Phase 2, and Parkview Bay in Quanzhou; Sunshine City Phase 1 in Zhangzhou; Sapphire Boomtown in Longyan; Royal Spring City • Spring Villa (Except Zone A) in Anshan; and SCE International Community Phase 2 in Linfen. The completed property area is expected to exceed 2.29 million sq.m..

The Group is fully prepared to take on challenges arising from the uncertainties in the market environment in 2015. In addition to consolidating its market share in Fujian Province, the Group will continue to explore the business development in its current regions outside Fujian Province. In addition, we will persist in our high-quality and high-turnover operation model to ensure a stable cash flow that renders strong support for the future development of the Group and improve our profitability.

FINANCIAL REVIEW

Revenue

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

The annual revenue increased by approximately 4.5% from approximately RMB6,588,124,000 in 2013 to approximately RMB6,887,392,000 in 2014, which was attributable to the increase in property sales income.

- **Sale of properties**

  Income from property sales increased by approximately 4.2% from approximately RMB6,440,475,000 in 2013 to approximately RMB6,709,957,000 in 2014, which was mainly due to the significant increase in average unit selling price from approximately RMB8,531 per sq.m. in 2013 to approximately RMB11,022 per sq.m. in 2014, despite the decrease in delivered area by approximately 19.4% from approximately 754,989 sq.m. in 2013 to approximately 608,796 sq.m. in 2014.

- **Rental income**

  Rental income increased by approximately 14.4% from approximately RMB76,719,000 in 2013 to approximately RMB87,791,000 in 2014, which was mainly attributable to the increase in rental income from the shopping mall of World City in Beijing as well as rental income from the shopping mall of Fortune Plaza • World City in Quanzhou which was newly opened in May 2014.

- **Property management income**

  Property management income increased by approximately 26.4% from approximately RMB70,930,000 in 2013 to approximately RMB89,644,000 in 2014, which was mainly attributable to the increase in number and floor area of properties under management.

Cost of Sales

Cost of sales decreased by approximately 5.4% from approximately RMB4,742,908,000 in 2013 to approximately RMB4,485,001,000 in 2014. The decrease in cost of sales was mainly attributable to the decrease in the delivered area.

Gross Profit

Gross profit increased by approximately 30.2% from approximately RMB1,845,216,000 in 2013 to approximately RMB2,402,391,000 in 2014. Gross profit margin increased from approximately 28.0% in 2013 to approximately 34.9% in 2014. The increase in gross profit margin was attributable to the increase in average unit selling price and higher proportion of mid-high-end products with relatively higher gross profit margin delivered during the year.

Other Income and Gains

Other income and gains decreased by approximately 40.4% from approximately RMB162,562,000 in 2013 to approximately RMB96,836,000 in 2014. Apart from bank interest income, other income and gains this year included a hedged gain reclassified to profit or loss upon termination of cash flow hedges of approximately RMB26,884,000, while amount of last year comprised a gain arising from the disposal of a subsidiary amounting to approximately RMB80,276,000.

Changes in Fair Value of Investment Properties

The fair value gains of investment properties increased by approximately 24.3% from approximately RMB602,909,000 in 2013 to approximately RMB749,701,000 in 2014. The increase in the fair value of investment properties was mainly attributable to the value appreciation of the shopping malls of Fortune Plaza • World City in Quanzhou and World City in Beijing, as well as the retail shops in Gold Coast in Shishi which commenced construction during the year.

Selling and Marketing Expenses

Selling and marketing expenses increased significantly by approximately 34.5% from approximately RMB184,547,000 in 2013 to approximately RMB248,227,000 in 2014. The increase in selling and marketing expenses was mainly attributable to the increase in advertisements and promotion activities.

Administrative Expenses

Administrative expenses increased by approximately 13.8% from approximately RMB301,445,000 in 2013 to approximately RMB343,157,000 in 2014. 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 decreased significantly by approximately 34.8% from approximately RMB246,103,000 in 2013 to approximately RMB160,388,000 in 2014. Finance costs mainly represented borrowing costs of partial senior notes which have not been capitalised as such proceeds have not yet been used for project developments. The decrease in finance costs was mainly due to the significant increase in interest capitalised from approximately RMB638,011,000 in 2013 to approximately RMB885,267,000 in 2014.

Income Tax Expense

Income tax expense increased significantly by approximately 33.0% from approximately RMB731,078,000 in 2013 to approximately RMB972,048,000 in 2014. The increase in income tax expense was mainly due to more provision for corporate income tax and land appreciation tax made as a result of increase in gross profits of delivered projects.

Profit for the Year

Profit for the year increased significantly by approximately 33.4% from approximately RMB1,174,264,000 in 2013 to approximately RMB1,567,041,000 in 2014, which was mainly attributable to the increase in gross profit. The core net profit margin increased by 3.6 percentage points from 11.0% in 2013 to 14.6% in 2014.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2014, the Group's cash and bank balances were denominated in different currencies as set out below:

	2014	2013
	RMB'000	*RMB'000*
Renminbi	**4,348,630**	4,071,169
Hong Kong dollars	**74,617**	22,613
US dollars	**308,911**	271,492
Total cash and bank balances	**4,732,158**	4,365,274

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. As at 31 December 2014, the amount of restricted cash and pledged deposits were approximately RMB871,469,000 (31 December 2013: approximately RMB1,000,670,000) and approximately RMB327,008,000 (31 December 2013: approximately RMB65,000,000), respectively.

Borrowings and Pledged Assets

The maturity of the borrowings of the Group as at 31 December 2014 is as follows:

	2014	2013
	RMB'000	*RMB'000*
Bank and other borrowings:		
Within one year or on demand	**3,699,883**	2,409,326
In the second year	**2,917,500**	2,427,212
In the third to fifth years, inclusive	**1,417,410**	730,000
	8,034,793	5,566,538
Senior notes:		
In the second year	**1,987,179**	–
In the third to fifth years, inclusive	**2,205,041**	4,132,756
	4,192,220	4,132,756
Total borrowings	**12,227,013**	9,699,294

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

	2014	2013
	RMB'000	*RMB'000*
Bank and other borrowings:		
Renminbi	**6,551,724**	5,233,909
Hong Kong dollars	**728,623**	210,821
US dollars	**754,446**	121,808
	8,034,793	5,566,538
Senior notes:		
Renminbi	**1,987,179**	1,976,100
US dollars	**2,205,041**	2,156,656
	4,192,220	4,132,756
Total borrowings	**12,227,013**	9,699,294

As at 31 December 2014, approximately RMB7,475,455,000 (31 December 2013: approximately RMB5,566,538,000) 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 approximately RMB13,785,002,000 (31 December 2013: approximately RMB10,979,835,000), and capital stocks of certain subsidiaries. The senior notes of RMB2 billion at a coupon rate of 10.5% due 2016 issued in January 2011 (the "2011 Senior Notes"), the senior notes of US$350 million at a coupon rate of 11.5% due 2017 issued in November 2012 and January 2013 (the "2012 Senior Notes") and approximately RMB559,338,000 (31 December 2013: Nil) of bank borrowings were guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

As at 31 December 2014, except for certain bank and other borrowings of approximately RMB3,322,912,000 (31 December 2013: RMB2,789,085,000) bearing interest at fixed interest rate, all the Group's bank and other borrowings bear interest at floating interest rate. As at 31 December 2014 and 31 December 2013, the 2011 Senior Notes and the 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 31 December 2014, the net gearing ratio was 68.0% (31 December 2013: 62.7%).

Exchange Rate Fluctuation Exposures

The majority of the Group's income, expenses, bank deposits and bank and other borrowings as well as the 2011 Senior Notes are denominated in Renminbi. Save as certain bank deposits, bank borrowings 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. No foreign currency hedging arrangement was made as at 31 December 2014. The Group will closely monitor its exposure to fluctuation in foreign currencies exchange rates.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group provided financial guarantees to the banks in respect of the following items:

	2014	2013
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**7,379,505**	4,645,945

In addition, the Group's share of the joint ventures' own financial guarantees, which are not included in the above, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	**538,200**	332,591

CAPITAL COMMITMENTS

As at 31 December 2014, the capital commitments of the Group were as follows:

	2014	2013
	RMB'000	*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	**7,327,039**	5,711,876

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Capital expenditure for joint ventures' properties under development in Mainland China	**267,635**	197,969

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2014, the Group had a total of 2,429 employees (31 December 2013: 1,972 employees). During the year, the total cost of employees was approximately RMB202,176,000 (2013: approximately RMB174,786,000). The Group provides employees with competitive remuneration and benefits, and the remuneration policy is 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 its employees' skills and capabilities in all aspects.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**Annual General Meeting**") of the Company will be held on 11 May 2015. Notice of the Annual General Meeting will be published and dispatched in accordance with the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the Annual General Meeting to be held on Monday, 11 May 2015, the register of members of the Company will be closed from Wednesday, 6 May 2015 to Monday, 11 May 2015, both days inclusive, during which no transfer of shares can be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents should be lodged for registration with 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 Tuesday, 5 May 2015.

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. The Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman, Mr. Lu Hong Te and Mr. Dai Yiyi as members. Mr. Ting Leung Huel Stephen, the chairman of the Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the accounting policies adopted by the Group, the consolidated financial statements of the Group for the year ended 31 December 2014 and this annual results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code 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 ended 31 December 2014.

CORPORATE GOVERNANCE

During the year ended 31 December 2014, the Company and the Board have 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 Paragraph A.2.1 in of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year, Mr. Wong Chiu Yeung performed his duties as both the Chairman and the Chief Executive Officer of the Company. The Board believes that the 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

This results announcement of the Company for the year ended 31 December 2014 is published on the website of the Stock Exchange at www.hkexnews.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, 17 March 2015

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.