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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- Contracted sales amount increased by approximately 119.5% to approximately RMB11,881,943,000.
- Revenue decreased by approximately 3.3% to approximately RMB5,795,279,000.
- Profit for the period decreased by approximately 14.3% to approximately RMB883,672,000.
- Profit attributable to owners of the parent increased by approximately 0.2% to approximately RMB630,675,000.
- Basic earnings per share was approximately RMB18.4 cents.
- Gross profit margin and core net profit margin were approximately 25.7% and 12.3%, respectively.
- Cash and bank balances increased by approximately 32.8% to approximately RMB8,296,173,000 as at 30 June 2016.

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 2016, together with the comparative figures for the corresponding period in 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**5,795,279**	5,994,613
Cost of sales		**(4,304,102)**	(4,295,339)
Gross profit		**1,491,177**	1,699,274
Other income and gains	*4*	**38,373**	34,625
Changes in fair value of investment properties, net		**140,820**	308,469
Selling and marketing expenses		**(130,008)**	(138,237)
Administrative expenses		**(152,924)**	(135,563)
Other expenses		**(129,454)**	–
Finance costs	*5*	**(132,241)**	(145,404)
Exchange differences arising from retranslation of senior notes, net		**–**	(1,200)
Share of profits and losses of:			
Joint ventures		**200,711**	36,862
Associates		**(27)**	101
PROFIT BEFORE TAX	*6*	**1,326,427**	1,658,927
Income tax expense	*7*	**(442,755)**	(628,333)
PROFIT FOR THE PERIOD		**883,672**	1,030,594
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of joint ventures		**(12,774)**	259
Share of other comprehensive loss of associates		**(31)**	–
Exchange differences on translation of foreign operations		**(131,659)**	2,267
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(144,464)**	2,526
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**739,208**	1,033,120

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
Profit attributable to:			
Owners of the parent		**630,675**	629,296
Holders of perpetual capital instruments		**19,167**	124,198
Non-controlling interests		**233,830**	277,100
		883,672	1,030,594
Total comprehensive income attributable to:			
Owners of the parent		**506,141**	631,424
Holders of perpetual capital instruments		**19,167**	124,198
Non-controlling interests		**213,900**	277,498
		739,208	1,033,120
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**RMB18.4 cents**	RMB18.4 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2016

	Notes	**30 June 2016 (Unaudited)** *RMB'000*	31 December 2015 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**109,091**	116,389
Investment properties		**6,783,300**	5,634,500
Prepaid land lease payments		**6,833,062**	3,047,462
Intangible asset		**3,736**	3,819
Properties under development		**1,454,171**	1,263,935
Contract in progress		**666,455**	643,194
Investments in joint ventures		**701,658**	581,583
Investments in associates		**34,892**	34,950
Prepayments and deposits		**756,658**	1,041,394
Deferred tax assets		**172,044**	188,539
Total non-current assets		**17,515,067**	12,555,765
CURRENT ASSETS			
Properties under development		**12,461,437**	12,239,872
Completed properties held for sale		**5,763,800**	5,779,254
Trade receivables	*10*	**100,792**	177,404
Prepayments, deposits and other receivables		**1,991,804**	2,204,120
Due from related parties		**773,679**	576,350
Prepaid income tax		**654,409**	496,445
Restricted cash		**1,241,056**	989,957
Pledged deposits		**275,037**	421,992
Cash and cash equivalents		**6,780,080**	4,835,079
Total current assets		**30,042,094**	27,720,473
CURRENT LIABILITIES			
Trade and bills payables	*11*	**2,630,216**	2,505,810
Receipts in advance		**10,118,617**	8,145,371
Other payables and accruals		**1,790,305**	1,355,099
Interest-bearing bank and other borrowings		**5,207,392**	3,840,519
Due to related parties		**1,632,848**	478,509
Tax payable		**677,587**	916,258
Total current liabilities		**22,056,965**	17,241,566
NET CURRENT ASSETS		**7,985,129**	10,478,907
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,500,196**	23,034,672

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
30 June 2016

	30 June 2016 (Unaudited) *RMB'000*	31 December 2015 (Audited) *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**25,500,196**	23,034,672
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**7,470,344**	2,622,285
Senior notes and domestic bonds	**5,745,707**	7,989,481
Deferred tax liabilities	**827,969**	796,990
Provision for major overhauls	**30,037**	27,315
Total non-current liabilities	**14,074,057**	11,436,071
Net assets	**11,426,139**	11,598,601
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**295,732**	295,732
Reserves	**6,978,342**	6,631,698
	7,274,074	6,927,430
Perpetual capital instruments	**900,000**	1,200,000
Non-controlling interests	**3,252,065**	3,471,171
Total equity	**11,426,139**	11,598,601

NOTES:

1. BASIS OF PREPARATION

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

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 2015.

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 2015, 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, 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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

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. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the businesses of property development, property investment, property management and project management. For management purposes, the property development and property investment businesses are monitored as one operating segment on a project basis to allocate resources and assess performance. For financial reporting purposes, the property management segment and project management segment are combined with the property development and investment segment as its reported revenue, reported results and assets are less than 10% of the consolidated revenue, consolidated 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	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sales of properties	**5,600,820**	5,879,658
Gross rental income	**60,473**	57,088
Property management fees	**71,995**	57,867
Project management income	**61,991**	–
	5,795,279	5,994,613
Other income and gains		
Bank interest income	**15,538**	20,548
Gain on disposal of investment properties	**536**	–
Gain on disposal of items of property and equipment, net	**634**	163
Others	**21,665**	13,914
	38,373	34,625

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings, senior notes and domestic bonds	**580,656**	542,911
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**730**	600
Total interest expense on financial liabilities not at fair value through profit or loss	**581,386**	543,511
Less: Interest capitalised	**(449,145)**	(398,107)
	132,241	145,404

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of properties sold	**4,209,371**	4,235,608
Cost of services provided	**94,648**	59,648
Depreciation	**12,177**	14,669
Amortisation of land lease payments	**10,843**	16,800
Amortisation of an intangible asset	**83**	83
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	**98,654**	89,236
Pension scheme contributions	**13,784**	12,726
Less: Amount capitalised	**(48,529)**	(38,118)
	63,909	63,844
Premium paid on early redemption of senior notes	**129,454**	–
Gain on disposal of investment properties	**(536)**	–
Gain on disposal of items of property and equipment, net	**(634)**	(163)
Exchange differences arising from retranslation of senior notes, net	**–**	1,200
Other foreign exchange differences, net	**18,787**	15

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 2015: 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	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current charge for the period:		
PRC corporate income tax	**276,079**	441,567
PRC land appreciation tax	**187,929**	149,205
Underprovision/(overprovision) in prior years, net:		
Mainland China	**(68,727)**	3,018
	395,281	593,790
Deferred	**47,474**	34,543
Total tax charge for the period	**442,755**	628,333

During the six months ended 30 June 2016, the share of tax charge attributable to joint ventures amounting to RMB63,638,000 (six months ended 30 June 2015: RMB2,919,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

8. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interim — Nil (six months ended 30 June 2015: HK5 cents per ordinary share)	**–**	137,052

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 3,423,840,000 (six months ended 30 June 2015: 3,423,840,000) 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 2016 and 2015 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 sales 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 2016 (Unaudited) ***RMB'000***	31 December 2015 (Audited) *RMB'000*
Neither past due nor impaired	**90,053**	172,406
1 to 6 months past due	**6,659**	2,408
7 to 12 months past due	**2,083**	895
Over 1 year past due	**1,997**	1,695
	100,792	177,404

11. 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:

	30 June 2016 (Unaudited) ***RMB'000***	31 December 2015 (Audited) *RMB'000*
Within 1 year	**2,289,131**	2,133,911
Over 1 year	**341,085**	371,899
	2,630,216	2,505,810

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 the first half of 2016, the global economic uncertainties were intensified, while China's economy was also confronted with downward pressure. The People's Bank of China had extended the monetary easing policies implemented since 2015. It further reduced the required reserve ratio in March 2016 and continued the implementation of small-scaled stimulating policy on property sector. The combined effects of various factors such as the implementation of policies and changes in buyer's market expectation led to a strong recovery for the overall property market in the PRC. Both sales area and sales prices increased substantially in first-tier cities such as Beijing, Shanghai and Shenzhen. Meanwhile, the property market of quality second-tier cities such as Nanjing, Suzhou and Xiamen grew rapidly and sales prices reached another record-high. According to the data from the National Bureau of Statistics, in the first half of 2016, the gross floor area ("**GFA**") of commodity housing sold in the PRC was approximately 643 million sq.m., representing a year-on-year increase of approximately 27.9%, of which the GFA of residential housing sold increased by approximately 28.6%. The sales of commodity housing were approximately RMB4,868.2 billion, representing a year-on-year increase of approximately 42.1%, of which the sales of residential housing increased by approximately 44.4%.

In order to alleviate the pressure of surging commodity housing prices, macro-control policies on property market such as restrictions on property purchase and mortgage loans were introduced in a few first- and second-tier cities during the period. Though sales volumes were fierce in first- and second-tier cities, destocking pressure remained high in the third- and fourth-tier cities, which intensified the city differentiation.

BUSINESS OVERVIEW

Property Sales

For the six months ended 30 June 2016, the Group and its joint ventures reached another record-high contracted sales amount, and achieved an accumulated contracted sales amount of approximately RMB11.882 billion (including a contracted sales amount of approximately RMB4.657 billion from joint ventures) and an accumulated contracted sales area of approximately 736,000 sq.m. (including a contracted sales area of approximately 191,000 sq.m. from joint ventures), representing a year-on-year increase of approximately 119.5% and 11.4% respectively. The average selling price of properties during the period was RMB16,147 per sq.m., representing a year-on-year increase of approximately 97.1%. For the six months ended 30 June 2016, the Group and its joint ventures achieved approximately 76.7% of the annual sales target of RMB15.5 billion.

In the first half of 2016, the Group and its joint ventures had 38 projects on sales in 11 cities, among which four projects were newly launched for sales, namely Sunshine City Phase 2 in Shenzhen, Marina Bay in Tianjin and Sunshine Park Phase 2 and SCE Plaza in Quanzhou. The contracted sales realised by the Group and its joint ventures during the period are set out below:

By City

	Contracted Sales Area *(sq.m.)*	**Contracted Sales Amount** *(RMB Million)*	**Percentage of Total Contracted Sales Amount** *(%)*
Shanghai	160,728	5,140	43.3
Shenzhen	29,493	928	7.8
Tianjin	52,991	752	6.3
Xiamen	40,368	748	6.2
Quanzhou	153,516	1,138	9.6
Zhangzhou	118,342	1,126	9.5
Yanjiao	70,422	1,289	10.9
Others	110,016	761	6.4
Total	**735,876**	**11,882**	**100.0**

From the perspective of distribution of contracted sales by city, the contracted sales in Shanghai was remarkable among the first-tier cities. The Group achieved outstanding results in all pre-sale projects in Shanghai, including SCE Plaza Phase 1, The Prestige and Marina Bay. Shanghai alone has already contributed approximately 43% to the total contracted sales amount of the Group and its joint ventures during the period. According to the data from the research centre of China Real Estate Information Corporation, in terms of contracted sales amount and contracted sales area, China SCE ranked 14th and 13th, respectively, within the property market of Shanghai while SCE Plaza Phase 1 ranked first in the market of office and commercial buildings in Shanghai in the first half of 2016. Moreover, among the third- and fourth-tier cities, Zhangzhou and Yanjiao received satisfactory results with increasing sales prices and sales volumes. The aggregate contracted sales amounts of these two cities accounted for over 20% of total contracted sales amount of the Group and its joint ventures during the period.

By Region

	Contracted Sales Area *(sq.m.)*	Contracted Sales Amount *(RMB Million)*	Percentage of Total Contracted Sales Amount *(%)*
Yangtze River Delta Economic Zone	160,728	5,140	43.3
West Taiwan Strait Economic Zone	366,707	3,420	28.8
Bohai Rim Economic Zone	178,948	2,394	20.1
Pearl River Delta Economic Zone	29,493	928	7.8
Total	**735,876**	**11,882**	**100.0**

From the perspective of distribution of contracted sales by region, the proportion of contracted sales amount from regions outside Fujian Province continued to increase in the first half of 2016, contributing over 70% to total contracted sales amount. The Yangtze River Delta Economic Zone, in particular, performed well and became a major contributor to the contracted sales amount of the Group and its joint ventures. In addition, Tianjin and Yanjiao within the Bohai Rim Economic Zone achieved satisfactory results and contributed approximately 17% to total contracted sales amount.

By City Tier

	Contracted Sales Area *(sq.m.)*	Contracted Sales Amount *(RMB Million)*	Percentage of Total Contracted Sales Amount *(%)*
First-tier cities	190,221	6,068	51.1
Second-tier cities	115,274	1,717	14.4
Third- and fourth-tier cities	430,381	4,097	34.5
Total	**735,876**	**11,882**	**100.0**

From the perspective of distribution of contracted sales by city tier, contracted sales amount from the first- and second-tier cities amounted to nearly 65% of total contracted sales of the Group and its joint ventures in the first half of 2016, of which the contribution from the first-tier cities accounted for over 51% of total contracted sales amount of the Group and its joint ventures during the period. This demonstrated the Group's strategy of "Focusing on first-tier cities and quality second-tier cities" has made significant achievements.

Project Development

During the period, four new projects of the Group and its joint ventures, namely SCE Plaza Phase 2 and Sky Horizon in Shanghai, Marina Bay in Tianjin and Uptown in Nanchang, were officially commenced for construction. As at 30 June 2016, the Group and its joint ventures had a total of 21 projects under construction with an aggregate planned GFA of approximately 2.78 million sq.m. and details of properties under development are as follows:

Project Name	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	2016
SCE Plaza (Phase 1)	Shanghai	Office and retail shops	50	219,650	2016
SCE Plaza (Phase 2)	Shanghai	SOHO apartments	50	42,255	2018
Marina Bay	Shanghai	High-rise residential and villas	100	130,781	2017
Sky Horizon	Shanghai	High-rise residential, SOHO apartments and retail shops	100	47,325	2018
Sunshine City (Phase 2)	Shenzhen	High-rise residential and retail shops	82	72,754	2017
Marina Bay	Tianjin	Low-rise residential and villas	100	153,504	2018
Haicang Vanke Dream Town (Phases 3&4)	Xiamen	High-rise residential and retail shops	12	253,175	2016–2017
Uptown	Nanchang	High-rise residential, SOHO apartments, LOFT apartments and retail shops	100	214,680	2018
SCE Plaza	Quanzhou	High-rise residential, SOHO apartments, office and retail shops	100	253,926	2016–2017
Gold Coast (Phase 1) (Partial)	Quanzhou	High-rise residential and retail shops	45	124,276	2016
SCE Mall (Shishi) (Phase 2)	Quanzhou	High-rise residential, SOHO apartments and retail shops	60	142,978	2018
Sunshine Park (Phase 2)	Quanzhou	High-rise residential and retail shops	51	129,613	2017
Sapphire Residences	Quanzhou	High-rise residential and retail shops	100	163,885	2017
Purple Lake International Golf Villa (Partial)	Quanzhou	Low-rise residential and villas	49	28,808	2016
Sapphire Boomtown (Phase 3) (Partial)	Zhangzhou	High-rise residential	100	26,038	2018
Sunshine City (Phase 2)	Zhangzhou	High-rise residential and retail shops	85	180,239	2016
Sunshine City (Phase 3)	Zhangzhou	High-rise residential and retail shops	75	160,137	2017
Sunshine City (Phase 2)	Yanjiao	High-rise residential and retail shops	55	181,957	2017–2018
SCE International Community (Phase 4)	Linfen	High-rise residential and retail shops	70	173,003	2017
Total				**2,777,386**	

Land Bank

During the reporting period, the Group successfully acquired additional land in first-tier and second-tier cities based on the strategy of "Focusing on first-tier cities and quality second-tier cities". During the period, the Group successfully bid for a residential-cum-commercial land parcel in Mentougou District, Beijing with an above-ground GFA of approximately 263,000 sq.m. at a land premium of RMB3.948 billion. The Group also obtained two projects, which are located in Qingpu District, Shanghai and Xiaoshan Economy & Technology Development Zone, Hangzhou, through acquisitions. The total planned GFA of these two parcels of land are approximately 95,000 sq.m. and 139,000 sq.m. respectively. The aggregate consideration for land acquisitions in the first half of 2016 was approximately RMB4.788 billion.

As at 30 June 2016, the Group and its joint ventures had a land bank with an aggregate planned GFA of approximately 8.45 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 5.91 million sq.m.), with more than 50 projects distributed over 13 cities. Before publication of this announcement, the Group acquired a parcel of land in Xiqing District, Tianjin with an above-ground GFA of approximately 133,000 sq.m. at a land premium of RMB1.69 billion in July.

As for land bank cost by region, the cost of land bank located in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the West Taiwan Strait Economic Zone and the Pearl River Delta Economic Zone accounted for approximately 37.0%, 32.1%, 28.2% and 2.7% of total land bank cost (excluding investment properties) of the Group and its joint ventures, respectively. As in terms of land bank cost by city tier, the cost of land bank located in first-tier, second-tier and third- and fourth-tier cities accounted for approximately 64.0%, 10.1% and 25.9% of total land bank cost (excluding investment properties) of the Group and its joint ventures, respectively.

Financial Strategy

Since the listing of the Company, the Group has adhered to a cautious principle to keep the financial indicators at a healthy and reasonable level. Through years of efforts, the Group has established trust and cooperative relationships with financial institutions in capital market. As the Group has performed well in the optimisation for debt structure, the financing costs of the Group have reduced continuously. During the reporting period, the weighted average financing cost decreased from approximately 9.3% in the same period last year to approximately 7.1%. In order to mitigate the exchange risks resulting from the expected depreciation of Renminbi, the Group has controlled the proportion of foreign currency loans within a reasonable range. As at 30 June 2016, the foreign currency loans accounted for approximately 35.3% of total borrowings of the Group. At the same time, the short-term loans remained at a relatively low level of approximately 28.3%; and the cash and bank balances remained at a relatively high level of approximately RMB8.296 billion.

In January 2016, the Group entered into a facility agreement with a syndicate of banks, pursuant to which the Group obtained a three-year and six-month term loan facility of up to US$400 million. The loan facility carries an annual interest rate of LIBOR plus 4.2%. The loan facility was used to repay certain existing debts of the Group, including the early redemption of US$350 million 11.5% senior notes due 2017.

OUTLOOK

In the opinion of the Group, the urbanisation of China currently remains at a stable and fast-growing stage and brings enormous rigid demand for housing. On the other hand, due to the implementation of monetary easing policy and the general adoption of two-child policy, the demand of upgraded housing becomes another main source of growth in real estate market in the PRC. In terms of city tier, the first-tier and second-tier cities with influx of population have strong demand for housing. The Group expects the sales prices and sales volumes will remain at a relatively high level in the first-tier and second-tier cities for the second half of 2016, while the destocking situation will continue in the third- and fourth-tier cities under the support of government policies.

Through our dedication for a period of time, the Group's strategy of "Focusing on first-tier cities and quality second-tier cities" is set down and has achieved outstanding results. Looking forward, the Group remains prudent and positive about the prospects of the real estate market in the PRC. The Group is confident it can realise a great improvement. In the second half of 2016, the Group and its joint ventures will develop steadily according to the plan, improve the business in an orderly manner, and adjust its pace of development flexibly to cater to the changing market conditions.

As for its land bank, the Group will adhere to the principle of prudent land expansion and keep a close eye on premium land resources in first-tier and second-tier cities. Facing the frequent emergence of "Prime Land" in the vigorous land markets, apart from the bidding of land in open tender, the Group will expand its land bank in various ways, such as project acquisition or cooperation with other property developers which involve reasonable costs in order to mitigate the operating risks.

As for its planned commencement, the Group will accelerate the construction in first-tier and second-tier cities in the second half of 2016. It is expected that construction of four projects, namely Polaris, The Paramount and Sunshine Mansion in Beijing and The Royal Green in Hangzhou, with an aggregate planned GFA of approximately 355,000 sq.m. will be officially commenced for construction in the second half of year.

As for its pre-sale strategy, in view of the prolonged boom in the real estate market in first-tier and second-tier cities, the Group will seize the best timing for pre-sales with prudent judgement to maximise profit for the projects. In terms of the stocks in third- and fourth-tier cities, the Group will continue to implement a flexible sales strategy by providing reasonable prices discounts and other benefits to its customers, with an aim mainly to increase the sell-through rate and cash collection rate. In the second half of 2016, the Group and its joint ventures expect to launch nine new projects for pre-sale in five first-tier and second-tier cities, namely Polaris, Sunshine Mansion and Jade Plaza in Beijing, Sky Horizon, SCE Plaza Phase 2 and The Royal Bay in Shanghai, City Twilight in Tianjin, The Royal Green in Hangzhou and Uptown in Nanchang. Based on estimation, together with the unsold portions of projects previously launched, the aggregate area available for pre-sale of the Group and its joint ventures in the second half of 2016 amounts to approximately 1.15 million sq.m..

As for its financial strategy, the Group is planning to reduce the percentage of offshore financing and implement foreign currency hedging arrangement against a portion of foreign currency loans, thereby mitigating the exchange risks resulting from the expected depreciation of Renminbi. In addition, the Group will proactively expand its financing pipeline in the PRC to decrease the weighted average financing cost of the Group effectively. At the same time, the Group will focus on increasing the cash collection rate to maintain the net gearing ratio at a healthy and reasonable level.

FINANCIAL REVIEW

Revenue

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

The revenue slightly decreased by approximately 3.3% from approximately RMB5,994,613,000 in the first half of 2015 to approximately RMB5,795,279,000 in the first half of 2016, which was attributable to the decrease in property sales income.

- *Sales of properties*

  Income from property sales slightly decreased by approximately 4.7% from approximately RMB5,879,658,000 in the first half of 2015 to approximately RMB5,600,820,000 in the first half of 2016. Delivered area slightly increased by approximately 0.7% from approximately 783,497 sq.m. in the first half of 2015 to approximately 788,965 sq.m. in the first half of 2016. The average unit selling price slightly decreased from approximately RMB7,504 per sq.m. in the first half of 2015 to approximately RMB7,099 per sq.m. in the first half of 2016.

- *Rental income*

  Rental income increased by approximately 5.9% from approximately RMB57,088,000 in the first half of 2015 to approximately RMB60,473,000 in the first half of 2016, which was mainly attributable to the increase in contribution of rental income from shopping mall of Fortune Plaza • World City in Quanzhou.

- *Property management fees*

  Property management fees increased by approximately 24.4% from approximately RMB57,867,000 in the first half of 2015 to approximately RMB71,995,000 in the first half of 2016, which was mainly attributable to the increase in number and floor area of properties under the management of the Group.

- *Project management income*

  During the period, the Group recognised project management income of approximately RMB61,991,000, which was attributable to the project management service and other property related service income provided to a joint venture.

Gross Profit

Gross profit decreased by approximately 12.2% from approximately RMB1,699,274,000 in the first half of 2015 to approximately RMB1,491,177,000 in the first half of 2016. Gross profit margin decreased from approximately 28.3% in the first half of 2015 to approximately 25.7% in the first half of 2016. The decrease in gross profit margin was attributable to a higher proportion of mid-end products with relatively lower gross profit margin delivered during the period.

Changes in Fair Value of Investment Properties

The fair value gains of investment properties decreased by approximately 54.3% from approximately RMB308,469,000 in the first half of 2015 to approximately RMB140,820,000 in the first half of 2016. The fair value gains of investment properties during the period were mainly attributable to the addition of the office buildings of Skyline Tower in Shanghai.

Selling and Marketing Expenses

Selling and marketing expenses decreased by approximately 6.0% from approximately RMB138,237,000 in the first half of 2015 to approximately RMB130,008,000 in the first half of 2016. The decrease in selling and marketing expenses was mainly attributable to the effective cost control of the Group. Even though relatively less expenses were incurred for marketing and brand publicity activities during the period, publicity effect can still be achieved as a result of the booming housing market in first-tier and second-tier cities.

Administrative Expenses

Administrative expenses increased by approximately 12.8% from approximately RMB135,563,000 in the first half of 2015 to approximately RMB152,924,000 in the first half of 2016. The increase in administrative expenses was mainly attributable to the inclusion of the exchange loss of approximately RMB18,787,000 in the first half of 2016.

Finance Costs

Finance costs decreased by approximately 9.1% from approximately RMB145,404,000 in the first half of 2015 to approximately RMB132,241,000 in the first half of 2016. Finance costs mainly represented partial borrowing costs which have not been capitalised as certain funds were not used for project developments. Due to the increase in bank and other borrowings (including senior notes and domestic bonds), total interest expense increased by approximately 7.0% from approximately RMB543,511,000 in the first half of 2015 to approximately RMB581,386,000 in the first half of 2016. Although total interest expense increased, weighted average financing cost decreased to approximately 7.1%. Such a decrease in weighted average financing cost was mainly due to the replacement of high-cost senior notes and trust loans with low-cost domestic bonds and a syndicated loan.

Income Tax Expense

Income tax expense decreased significantly by approximately 29.5% from approximately RMB628,333,000 in the first half of 2015 to approximately RMB442,755,000 in the first half of 2016. The percentage of tax charge for the period over revenue decreased significantly from approximately 10.5% in the first half of 2015 to approximately 7.6% in the first half of 2016, respectively. The decrease was mainly due to a higher proportion of mid-end products with relatively lower gross profit margin delivered during the period. As such, the PRC corporate income tax decreased significantly.

Profit for the Period

Profit for the period decreased by approximately 14.3% from approximately RMB1,030,594,000 in the first half of 2015 to approximately RMB883,672,000 in the first half of 2016, which was mainly attributable to the decrease in gross profit margin and inclusion of the premium paid on early redemption of senior notes of approximately RMB129,454,000 during the period. The core profit margin decreased by 1.0 percentage point from 13.3% in the first half of 2015 to 12.3% in the first half of 2016.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent increased slightly by approximately 0.2% from approximately RMB629,296,000 in the first half of 2015 to approximately RMB630,675,000 in the first half of 2016. Earnings per share amounted to approximately RMB18.4 cents in the first half of 2016.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2016, the Group's cash and bank balances were denominated in different currencies as set out below:

	30 June 2016 (Unaudited) ***RMB'000***	31 December 2015 (Audited) *RMB'000*
Renminbi	**8,054,613**	5,881,050
Hong Kong dollars	**187,061**	78,199
US dollars	**54,499**	287,779
Total cash and bank balances	**8,296,173**	6,247,028

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 certain bills issued from banks in the PRC. As at 30 June 2016, the amount of restricted cash and pledged deposits were approximately RMB1,241,056,000 (31 December 2015: approximately RMB989,957,000) and approximately RMB275,037,000 (31 December 2015: approximately RMB421,992,000), respectively.

Borrowings and Pledged Assets

The maturity of the borrowings of the Group as at 30 June 2016 is as follows:

	30 June 2016 (Unaudited) *RMB'000*	31 December 2015 (Audited) *RMB'000*
Bank and other borrowings:		
Within one year or on demand	**5,207,392**	3,840,519
In the second year	**960,990**	1,641,515
In the third to fifth years, inclusive	**6,509,354**	980,770
	12,677,736	6,462,804
Senior notes and domestic bonds:		
In the second year	**–**	2,301,335
In the third to fifth years, inclusive	**5,745,707**	5,688,146
	5,745,707	7,989,481
Total borrowings	**18,423,443**	14,452,285

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

	30 June 2016 (Unaudited) ***RMB'000***	31 December 2015 (Audited) *RMB'000*
Bank and other borrowings:		
Renminbi	**8,444,902**	4,336,683
Hong Kong dollars	**640,695**	706,298
US dollars	**3,592,139**	1,419,823
	12,677,736	6,462,804
Senior notes and domestic bonds:		
Renminbi	**3,466,298**	3,463,811
US dollars	**2,279,409**	4,525,670
	5,745,707	7,989,481
Total borrowings	**18,423,443**	14,452,285

As at 30 June 2016, approximately RMB9,351,753,000 (31 December 2015: approximately RMB5,930,085,000) of bank and other borrowings were 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 RMB19,338,833,000 (31 December 2015: approximately RMB12,262,961,000), and capital stocks of certain subsidiaries. The senior notes of US$350 million at a coupon rate of 10.0% due 2020 issued in July 2015 (the "**2015 Senior Notes**") and approximately RMB3,060,818,000 (31 December 2015: approximately RMB532,719,000) of bank and other borrowings were guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

As at 30 June 2016, except for certain bank and other borrowings of approximately RMB5,453,000,000 (31 December 2015: approximately RMB1,725,770,000) bearing interest at fixed interest rates, all the Group's bank and other borrowings bear interest at floating interest rates. The 2015 Senior Notes and the domestic corporate bonds of RMB2 billion at a coupon rate of 5.18% due 2020 issued in October 2015 and the domestic corporate bonds of RMB1.5 billion at a coupon rate of 5.3% due 2020 issued in December 2015 bear interest at fixed interest rates.

Gearing Ratio

The net gearing ratio was calculated by dividing the net amount of borrowings (including bank and other borrowings, senior notes and domestic bonds after deduction of cash and cash equivalents, restricted cash and pledged deposits) by total equity. As at 30 June 2016, the net gearing ratio was 88.6% (31 December 2015: 70.7%).

Exchange Rate Fluctuation Exposures

The Group's business are located in the PRC and all of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB. The majority of the Group's assets and liabilities are denominated in RMB. As at 30 June 2016, save as certain bank deposits, bank and other borrowings and the 2015 Senior Notes which were denominated in foreign currencies, exchange rate changes of RMB against foreign currencies will not have material adverse effect on the results of operations of the Group. No foreign currency hedging arrangement was made as at 30 June 2016. The Group will closely monitor its exposure to fluctuation in foreign currencies exchange rates.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group provided financial guarantees to the banks in respect of the following items:

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**11,242,864**	11,363,195

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	**238,418**	228,818

Furthermore, as at 30 June 2016, the Group provides guarantee to banks in connection with loan facilities amounted to RMB1,780,000,000 (31 December 2015: RMB2,080,000,000) granted to a joint venture.

CAPITAL COMMITMENTS

As at 30 June 2016, the capital commitments of the Group are as follows:

	30 June 2016 (Unaudited) *RMB'000*	31 December 2015 (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	**6,765,190**	7,902,863

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

	30 June 2016 (Unaudited) *RMB'000*	31 December 2015 (Audited) *RMB'000*
Contracted, but not provided for:		
Capital expenditure for joint ventures' properties under development and construction of investment properties in Mainland China	**357,890**	365,210

CORPORATE GOVERNANCE

During the six months ended 30 June 2016, save as disclosed below, the Company and the Board had been in compliance with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

Under provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the period under review, Mr. Wong Chiu Yeung performed his duties as both the chairman and the chief executive officer of the Company. The Board believes that 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.

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.

During the period under review, the Audit Committee oversaw the entire financial reporting process, risk management and the internal control measures; discussed the accounting principles and policies adopted by the Group together with the management; and reviewed the unaudited interim condensed financial statements for the six months ended 30 June 2016.

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, 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 period.

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 2016 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, 9 August 2016

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.