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 2017

FINANCIAL HIGHLIGHTS

- Contracted sales amount increased by 30.7% to approximately RMB15,524,060,000.
- Revenue increased by 40.9% to approximately RMB8,166,170,000.
- Gross profit increased by 68.0% to approximately RMB2,505,111,000. Gross profit margin increased by 5.0 percentage points to 30.7%.
- Profit for the period increased by 37.0% to approximately RMB1,210,735,000.
- Profit attributable to owners of the parent increased by 60.7% to approximately RMB1,013,530,000. Basic earnings per share was approximately RMB29.6 cents.
- Core profit attributable to owners of the parent increased by 106.2% to approximately RMB938,985,000.
- The Board declared an interim dividend of HK6 cents per share.
- Standard & Poor's and Moody's upgraded the rating outlook of the Company to "Positive" and "Stable" respectively.
- Cash and bank balances increased by 56.3% to approximately RMB13,443,793,000 as at 30 June 2017.

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 2017, together with the comparative figures for the corresponding period in 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	**2017**	2016
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
REVENUE	*4*	**8,166,170**	5,795,279
Cost of sales		**(5,661,059)**	(4,304,102)
Gross profit		**2,505,111**	1,491,177
Other income and gains	*4*	**46,268**	38,373
Changes in fair value of investment properties, net		**271,257**	140,820
Selling and marketing expenses		**(267,627)**	(130,008)
Administrative expenses		**(377,303)**	(152,924)
Other expenses		**(118,747)**	(129,454)
Finance costs	*5*	**(203,152)**	(132,241)
Share of profits and losses of:			
Joint ventures		**134,298**	200,711
Associates		**(2,658)**	(27)
PROFIT BEFORE TAX	*6*	**1,987,447**	1,326,427
Income tax expense	*7*	**(776,712)**	(442,755)
PROFIT FOR THE PERIOD		**1,210,735**	883,672
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		**18,201**	(12,774)
Share of other comprehensive income/(loss) of associates		**114**	(31)
Exchange differences on translation of foreign operations		**234,558**	(131,659)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**252,873**	(144,464)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,463,608**	739,208

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
For the six months ended 30 June 2017

		Six months ended 30 June	
	Note	**2017**	2016
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
Profit attributable to:			
Owners of the parent		**1,013,530**	630,675
Holders of perpetual capital instruments		**25,356**	19,167
Non-controlling interests		**171,849**	233,830
		1,210,735	883,672
Total comprehensive income attributable to:			
Owners of the parent		**1,230,689**	506,141
Holders of perpetual capital instruments		**25,356**	19,167
Non-controlling interests		**207,563**	213,900
		1,463,608	739,208
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**RMB29.6 cents**	RMB18.4 cents
Diluted		**RMB29.3 cents**	RMB18.4 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2017

	Notes	**30 June 2017 (Unaudited)** *RMB'000*	31 December 2016 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**111,607**	109,030
Investment properties		**7,535,800**	7,429,400
Prepaid land lease payments		**6,365,951**	7,328,897
Intangible asset		**3,570**	3,653
Properties under development		**1,443,373**	1,222,958
Contract in progress		**362,391**	366,824
Investments in joint ventures		**2,363,689**	1,290,028
Investments in associates		**111,651**	114,195
Available-for-sale investment		**137,453**	141,739
Derivative financial instruments		**21,074**	139,821
Prepayments and deposits		**2,110,508**	1,519,782
Deferred tax assets		**292,156**	247,971
Total non-current assets		**20,859,223**	19,914,298
CURRENT ASSETS			
Properties under development		**19,107,403**	14,798,538
Completed properties held for sale		**4,879,675**	4,572,534
Trade receivables	*10*	**85,493**	185,034
Prepayments, deposits and other receivables		**2,803,244**	1,596,669
Due from related parties		**1,399,492**	534,162
Prepaid income tax		**789,396**	630,879
Restricted cash		**1,336,436**	1,128,823
Pledged deposits		**119,399**	261,941
Cash and cash equivalents		**11,987,958**	7,211,994
Total current assets		**42,508,496**	30,920,574
CURRENT LIABILITIES			
Trade and bills payables	*11*	**2,423,182**	2,595,347
Other payables and accruals		**19,590,611**	14,440,593
Interest-bearing bank and other borrowings		**4,201,628**	3,427,434
Due to related parties		**2,030,147**	1,567,671
Tax payable		**1,068,025**	854,664
Total current liabilities		**29,313,593**	22,885,709
NET CURRENT ASSETS		**13,194,903**	8,034,865
TOTAL ASSETS LESS CURRENT LIABILITIES		**34,054,126**	27,949,163

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
30 June 2017

	30 June 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**34,054,126**	27,949,163
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**10,723,151**	8,992,952
Senior notes and domestic bonds	**9,112,039**	5,857,969
Deferred tax liabilities	**1,020,161**	993,847
Provision for major overhauls	**35,705**	32,564
Total non-current liabilities	**20,891,056**	15,877,332
Net assets	**13,163,070**	12,071,831
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**295,732**	295,732
Reserves	**8,853,254**	8,112,085
	9,148,986	8,407,817
Perpetual capital instruments	**700,000**	900,000
Non-controlling interests	**3,314,084**	2,764,014
Total equity	**13,163,070**	12,071,831

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 2016.

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 2016, 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 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, available-for-sale investment and derivative financial instruments, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has fully assessed and adopted, to the extent that is relevant to the Group, the following revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in Annual Improvements 2014–2016 Cycle	*Disclosure of Interests in Other Entities*

The adoption of the 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, land development 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, land development 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	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sales of properties	**7,971,375**	5,600,820
Gross rental income	**60,647**	60,473
Property management fees	**124,942**	71,995
Project management income	**9,206**	61,991
	8,166,170	5,795,279
Other income and gains		
Bank interest income	**16,715**	15,538
Gain on disposal of investment properties	**–**	536
Gain on disposal of items of property and equipment, net	**1,239**	634
Others	**28,314**	21,665
	46,268	38,373

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings, senior notes and domestic bonds	**763,793**	580,656
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**870**	730
Total interest expense on financial liabilities not at fair value through profit or loss	**764,663**	581,386
Less: Interest capitalised	**(561,511)**	(449,145)
	203,152	132,241

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of properties sold	**5,538,962**	4,209,371
Cost of services provided	**122,014**	94,648
Depreciation	**11,918**	12,177
Amortisation of land lease payments	**10,696**	10,843
Amortisation of an intangible asset	**83**	83
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	**154,085**	98,654
Equity-settled share option expenses	**53,965**	–
Pension scheme contributions	**21,835**	13,784
Less: Amount capitalised	**(63,793)**	(48,529)
	166,092	63,909
Foreign exchange differences, net	**82,286**	18,787
Fair value loss of derivative financial instruments — transactions not qualifying as hedges	**118,747**	–
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	**(1,239)**	(634)

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 2016: 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	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current charge for the period:		
PRC corporate income tax	**588,514**	276,079
PRC land appreciation tax	**205,185**	187,929
Overprovision in prior years, net:		
Mainland China	**(6,560)**	(68,727)
	787,139	395,281
Deferred	**(10,427)**	47,474
Total tax charge for the period	**776,712**	442,755

During the six months ended 30 June 2017, the share of tax charge attributable to joint ventures amounting to RMB55,460,000 (six months ended 30 June 2016: RMB63,638,000) 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	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interim — HK6 cents (six months ended 30 June 2016: Nil) per ordinary share	**178,480**	–

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 2016: 3,423,840,000) in issue during the period.

The calculation of the diluted 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. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculations	**1,013,530**	630,675

	Number of shares Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,423,840,000**	3,423,840,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**41,203,103**	–
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**3,465,043,103**	3,423,840,000

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.

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

	30 June	31 December
	2017	2016
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Current to 90 days	**31,159**	123,435
91 to 180 days	**1,453**	3,306
181 to 365 days	**8,242**	54,030
Over 365 days	**44,639**	4,263
	85,493	185,034

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 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Neither past due nor impaired	**72,167**	176,520
1 to 6 months past due	**6,323**	3,305
7 to 12 months past due	**2,497**	946
Over 1 year past due	**4,506**	4,263
	85,493	185,034

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 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Within 1 year	**2,036,608**	2,540,470
Over 1 year	**386,574**	54,877
	2,423,182	2,595,347

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

12. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2017, fiscal policies in force have still been actively implemented with prudent and neutral monetary policies maintained nationwide in China. Tightened real estate control policies appeared in some cities. Apart from the traditional control policies of restricting property purchase, mortgage and price, policies on sale restriction have also been adopted. These policies effectively curbed the increase on residential property prices adhering to the principle of the control policy that "houses are for living instead of speculation". Although different real estate control policies are affecting the markets in various cities, the overall transaction volume on real estate continues to steadily increase in the country. The property prices in some first-tier and popular second-tier cities slightly declined. Under the strict control policies implemented in these cities, part of the demand in these markets has been flowing into the third- or fourth-tier cities nearby, increasing the property prices and transaction volume in those third- or fourth-tier cities.

According to the data from the National Bureau of Statistics, in the first half of 2017, the sales area of commodity housing sold in the PRC was approximately 747 million square metres ("**sq.m.**"), representing a year-on-year growth of 16.1%, of which the sales area of residential housing increased by 13.5%, while the sales amount of commodity housing amounted to approximately RMB5,915.2 billion, representing an increase of 21.5%, of which the sales amount of residential housing increased by 17.9%.

BUSINESS OVERVIEW

Property Sales

In the six months ended 30 June 2017, contracted sales amounts of the Group together with its joint ventures and associates reached another record-high, and accumulated contracted sales amount was approximately RMB15.524 billion (including the contracted sales amount of approximately RMB3.144 billion from the joint ventures and associates), and accumulated contracted sales area was about 852,000 sq.m. (including the contracted sales area of approximately 196,000 sq.m. from the joint ventures and associates), representing a year-on-year growth of 30.7% and 15.8% respectively. The average selling price of properties during the period was RMB18,221 per sq.m., representing a year-on-year growth of 12.8%. In the six months ended 30 June 2017, the Group together with its joint ventures and associates achieved 55.4% of the annual sales target of RMB28 billion.

In the first half of 2017, the Group together with its joint ventures and associates had an aggregate of over 40 projects for sale in 12 cities, among which six projects were newly launched in the period, namely The Paramount and Jade Plaza in Beijing, Sky Horizon in Shanghai, Royal Palace and Garden Terrace in Tianjin and Central Unique Mansion in Quanzhou. The Group's strategy of "Focusing on first-tier cities and quality second-tier cities" has contributed to the soaring contracted sales in the first- and second-tier cities, representing 74.0% of the total contracted sales amount.

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

By City

City	Contracted Sales Area *(sq.m.)*	Average Selling Price of Contracted Sales *(RMB/sq.m.)*	Contracted Sales Amount *(RMB in million)*	Percentage of Contracted Sales Amount *(%)*
Beijing	35,605	70,051	2,494	16.1
Shanghai	78,659	56,583	4,451	28.7
Shenzhen	15,781	35,625	562	3.6
Tianjin	157,427	17,015	2,679	17.3
Hangzhou	38,800	15,151	588	3.8
Xiamen	22,169	12,830	284	1.8
Nanchang	30,478	13,617	415	2.7
Quanzhou	251,759	8,607	2,167	14.0
Zhangzhou	101,256	12,336	1,249	8.0
Linfen	52,479	6,256	328	2.1
Others	67,585	4,537	307	1.9
Total	**851,998**	**18,221**	**15,524**	**100.0**

From the perspective of distribution among cities, contracted sales in Shanghai have been the most remarkable among the first-tier cities, amounting to approximately RMB4.451 billion. Projects for sale have all performed excellently in terms of sales. An appraisal jointly published by the China Real Estate Association and the China Real Estate Appraisal Centre of Shanghai E-House Real Estate Research Institute has revealed that the Group was one of the "2017 Best 10 of China Real Estate Developers in Shanghai", which is in turn evidence of our ability to consolidate the leading position of the Group in Shanghai in only three years. The Group has also demonstrated its excellent performance in Tianjin and Beijing by means of the realised contracted sales amounts amounting to approximately RMB2.679 billion and RMB2.494 billion respectively. Moreover, the projects of the Group located in the third- or fourth-tier cities have benefited from the spillover effect derived from the first-tier and popular second-tier cities, and recorded satisfying sales performance, among which, the contracted sales amounts of projects in Quanzhou and Zhangzhou accounted for 14.0% and 8.0%, respectively, of the total contracted sales amount during the period.

By Region

Region	Contracted Sales Area *(sq.m.)*	Average Selling Price of Contracted Sales *(RMB/sq.m.)*	Contracted Sales Amount *(RMB in million)*	Percentage of Contracted Sales Amount *(%)*
Bohai Rim Economic Zone	303,844	19,025	5,780	37.2
Yangtze River Delta Economic Zone	117,459	42,897	5,039	32.5
West Taiwan Strait Economic Zone	414,914	9,984	4,143	26.7
Pearl River Delta Economic Zone	15,781	35,625	562	3.6
Total	**851,998**	**18,221**	**15,524**	**100.0**

The proportions of contracted sales amounts of the Group together with its joint ventures and associates in the Bohai Rim Economic Zone and the Yangtze River Delta Economic Zone have been the highest and the second highest, which accounted for 37.2% and 32.5% respectively. Immediately after them was the contracted sales amount in the West Taiwan Strait Economic Zone, which accounted for 26.7% of the total contracted sales amount.

By City Tier

City Tier	Contracted Sales Area *(sq.m.)*	Average Selling Price of Contracted Sales *(RMB/sq.m.)*	Contracted Sales Amount *(RMB in million)*	Percentage of Contracted Sales Amount *(%)*
First-tier Cities	130,045	57,727	7,507	48.4
Second-tier Cities	248,874	15,936	3,966	25.6
Third- and Fourth-tier Cities	473,079	8,563	4,051	26.0
Total	**851,998**	**18,221**	**15,524**	**100.0**

From the perspective of city tier, for the first half of 2017, the contracted sales amounts of the Group together with its joint ventures and associates in the first- and second-tier cities have been rising as compared to the corresponding period last year and accounted for 48.4% and 25.6% respectively, by which, significant achievement on the Group's strategy of "Focusing on first-tier cities and quality second-tier cities" has been demonstrated.

Recognised Property Sales Income

In the first half of 2017, the Group recognised a property sales income of approximately RMB7.971 billion and delivered property area of 589,965 sq.m., representing a year-on-year growth of 42.3% and decrease of 25.2% respectively with an average property selling price of RMB13,512 per sq.m., representing a year-on-year growth of 90.3%. In the first half of 2017, the recognised property sales income derived from the first-tier cities accounted for 56.4%. Details of the recognised property sales income of the Group are as follows:

By City

City	**Recognised Property Sales Area** *(sq.m.)*	**Average Selling Price of Recognised Property Sales** *(RMB/sq.m.)*	**Recognised Property Sales Income** *(RMB in million)*	**Percentage of Recognised Property Sales Income** *(%)*
Shanghai	82,901	38,770	3,214	40.3
Shenzhen	39,997	32,047	1,282	16.1
Nanchang	9,659	10,816	104	1.3
Quanzhou	359,482	7,562	2,719	34.1
Zhangzhou	70,035	8,138	570	7.2
Others	27,891	2,958	82	1.0
Total	**589,965**	**13,512**	**7,971**	**100.0**

By Region

Region	**Recognised Property Sales Area** *(sq.m.)*	**Average Selling Price of Recognised Property Sales** *(RMB/sq.m.)*	**Recognised Property Sales Income** *(RMB in million)*	**Percentage of Recognised Property Sales Income** *(%)*
Yangtze River Delta Economic Zone	82,901	38,770	3,214	40.3
West Taiwan Strait Economic Zone	451,636	7,613	3,438	43.1
Bohai Rim Economic Zone	15,431	2,415	37	0.5
Pearl River Delta Economic Zone	39,997	32,047	1,282	16.1
Total	**589,965**	**13,512**	**7,971**	**100.0**

By City Tier

City Tier	**Recognised Property Sales Area** *(sq.m.)*	**Average Selling Price of Recognised Property Sales** *(RMB/sq.m.)*	**Recognised Property Sales Income** *(RMB in million)*	**Percentage of Recognised Property Sales Income** *(%)*
First-tier Cities	122,898	36,582	4,496	56.4
Second-tier Cities	9,659	10,816	104	1.3
Third- and Fourth-tier Cities	457,408	7,370	3,371	42.3
Total	**589,965**	**13,512**	**7,971**	**100.0**

Project Development

During the period, four new projects of the Group, namely The Paramount in Beijing, The Glamour in Shanghai and Royal Palace and Garden Terrace in Tianjin, with an aggregate planned gross floor area ("**GFA**") of approximately 696,000 sq.m., have their construction commenced, all of which are located in first- or second-tier cities. During the six months ended 30 June 2017, the Group had a total of 19 projects under construction with an aggregate planned GFA of approximately 2.37 million sq.m., details of which are as follows:

Project Nane	**City**	**Type of Property**	**Interest Attributable to the Group** *(%)*	**Total Planned GFA** *(sq.m.)*	**Expected Year of Completion**
Polaris	Beijing	High-rise residential and SOHO apartments	100	45,174	2018
Sunshine Mansion	Beijing	Low-rise residential	100	63,600	2018
The Paramount	Beijing	High-rise residential, low-rise residential, villas and retail shops	100	201,175	2019
SCE Plaza (Phase 2)	Shanghai	SOHO apartments	56	42,255	2018
Sky Horizon	Shanghai	High-rise residential, low-rise residential, LOFT apartments and retail shops	100	47,325	2018
The Royal Bay	Shanghai	Villas and retail shops	100	108,124	2018–2019
The Glamour	Shanghai	High-rise residential and low-rise residential	100	19,797	2019
Marina Bay	Tianjin	Low-rise residential and villas	100	153,504	2018
Royal Palace	Tianjin	High-rise residential, low-rise residential and villas	100	187,055	2019
Garden Terrace	Tianjin	High-rise residential and low-rise residential	51	287,664	2019
The Royal Green	Hangzhou	High-rise residential and retail shops	100	181,525	2018
Uptown	Nanchang	High-rise residential, SOHO apartments, LOFT apartments and retail shops	100	214,680	2018
SCE Plaza	Quanzhou	SOHO apartments, office and retail shops	100	63,332	2017–2018
Gold Coast (Phase 1) (Partial)	Quanzhou	High-rise residential and retail shops	45	72,572	2019
Parkview Bay	Quanzhou	High-rise residential, SOHO apartments and retail shops	60	142,313	2019
Sapphire Boomtown (Phase 3) (Partial)	Zhangzhou	High-rise residential	100	26,038	2018
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
SCE International Community (Phase 4)	Linfen	High-rise residential and retail shops	70	173,003	2018
Total				**2,371,230**	

Land Bank

During the period, owing to the tremendous market demand for land in the first-tier and popular second-tier cities, the Group had temporarily reduced land acquisitions in these cities, and diverted its acquisition targets to the second-tier cities with relatively higher potential profitability, as well as extended cities to which demand is driven from the first-tier and popular second-tier cities. Apart from the bidding of land in open tender, the Group has been actively seeking acquisition and merger opportunities in order to expand its land bank flexibly. During the period, the Group succeeded in acquiring 14 new projects in second-tier cities and the extended cities of the first-tier and popular second-tier cities located in Tianjin, Nanjing, Hangzhou, Suzhou, Qingdao, Foshan, Jinan, Nanchang, Quanzhou, Xuzhou, Zhenjiang, Huizhou and Zhangzhou, respectively. In the first half of 2017, above-ground buildable area for the new land acquired was approximately 2.49 million sq.m. with an aggregate land consideration of approximately RMB14.303 billion and the average land cost was RMB5,746 per sq.m.. Among them, the above-ground buildable area through acquisition and merger was approximately 1.41 million sq.m..

As at 30 June 2017, the Group together with its joint ventures and associates had a land bank with an aggregate planned GFA of approximately 12.09 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 8.47 million sq.m.) and distributed over 21 cities. From the perspective of geographic distribution, the land bank costs of the Group together with its joint ventures and associates 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 have accounted for 32.3%, 41.1%, 14.4% and 12.2% of the total land bank cost (excluding investment properties) respectively. Considering the city tier, the land bank costs of the Group together with its joint ventures and associates located in first-tier, second-tier as well as third- and fourth-tier cities have accounted for 31.7%, 41.7% and 26.6% of the total land bank cost (excluding investment properties) respectively.

Financial Strategy

The Group's flexibility in its adoption of various financing channels since the Company's listing on the Hong Kong Stock Exchange has been continuously optimising its debt structure which has resulted in continuous decline in the average financing cost of the Group. Moreover, there was continuous improvement in the Group's financial position with its credit rating or outlook upgraded three times by rating agencies during the period. As at 30 June 2017, the cash and bank balances of the Group amounted to approximately RMB13.444 billion and its short-term bank and other borrowings was only approximately RMB4.202 billion, by which high liquidity of the Group is sufficiently evidenced.

In March and April 2017, the Group captured an opportune moment by means of its offshore issuance of US$500 million 5.875% senior notes due 2022, representing the lowest coupon rate in history for the offshore senior notes issued by the Company. Proceeds from the senior notes will be used to refinance certain existing indebtedness and working capital purposes.

In March 2017, Moody's Investors Service upgraded the rating outlook of the Company from "negative" to "stable" with its further affirmation that the Company had a long-term corporate credit rating of "B1". In April this year, Standard & Poor's Rating Services also upgraded the rating outlook of the Company from "stable" to "positive", affirming that the long-term corporate rating of the Company was "B". Moreover, Xiamen Zhongjun Industrial Co., Ltd., a subsidiary of the Company, also has its corporate long-term credit rating upgraded to "AA+" by Dagong Global Credit Rating Co., Ltd. and the rating outlook of the subsidiary was believed to be "stable".

OUTLOOK

The Group anticipates that China's control policies over real estate will remain effective for a certain period of time, enabling the overall property price to remain stable in the second half of 2017 and the growth in the sales of property will slow down. By virtue of the appropriate implementation of "Policy by City" as well as the impact on the reinforced control policies over first-tier and popular second-tier cities, there will be moderate adjustment to the sales of property. The existing boom in property purchase will continuously expand and flow to third- and fourth-tier cities, resulting in an expected steady increase in the sales of property in those extended markets.

In terms of land bank, the Group has grasped its strategy of "Focusing on first-tier cities and quality second-tier cities" and its extended markets by capturing the opportunities to increase the number of real estate projects in second-tier as well as extended cities, as a result of the spillover effect from those first-tier and popular second-tier cities through acquisition and merger in preparation for its saleable resources in future. The continuous emigration toward the extended cities under metropolitan area and traffic network expansion also contributes to the healthy development on real estates in these cities.

In terms of construction plan, in the second half of 2017, construction commencement of the Group in the first- and second-tier cities will continue while construction commencement of projects in extended cities will be expedited. Nine projects are expected to have official construction commencement, namely, The Paramount in Shanghai, 6 Park Square in Nanjing, Parkview Bay in Jinan, Royal Bay, The Paramount and Garden Terrace in Quanzhou, Sunshine City in Zhenjiang, Royal Terrace in Huizhou and Sunshine City in Zhangzhou, respectively. The aggregate planned GFA for construction in the second half of 2017 is expected to be approximately 1.72 million sq.m. in total.

In terms of launch strategy, in view of the possible transaction volume adjustment in property markets in first-tier and popular second-tier cities, the Group aspires to capture the best timing in launching properties by keeping an eye on the market trend. There will be a steady increase in the market price of properties in extended cities under the spillover effects of demand from the first-tier and popular second-tier cities. Meanwhile, the Group will keep track of the property market development and proactively conduct property launch in the extended markets with a view to maximising its profit from each of the projects. In the second half of 2017, the Group together with its joint ventures and associates plan to launch 10 new projects, namely, The Glamour and The Paramount in Shanghai, 6 Park Square in Nanjing, Foshan Project, Parkview Bay in Jinan, The Paramount, Royal Bay, Garden Terrace and Parkview Bay in Quanzhou and Sunshine City in Zhangzhou. It is estimated that, in the second half of 2017, total area of property available for pre-sale, including the launched but unsold area, of the Group together with its joint ventures and associates will be over 1.7 million sq.m..

Even though the current property markets are still affected by the control policies, the policies primarily aim at suppressing the demand in relation to speculation. In view of the urbanisation and metropolitan development, the rigid demand and the demand for upgrading will remain keen. Although more time is needed for certain third- and fourth-tier cities to alleviate the destocking pressure, the property markets in China, especially the first- and popular second-tier cities and its extended market, are still experiencing a relatively long-term growth in terms of demand. Therefore, the Group is optimistic about the prospects of property markets in China. In addition, with the surge in rental population and the continuous increase of rents in first-tier and popular second-tier cities, the Group has confirmed that the expansion into long-term rental apartments market will become one of its most important development strategies, which will rapidly make it as the industry leader in this segment, and the asset-light model of long-term rental apartments will generate new points of growth for the Group.

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 increased significantly by 40.9% from approximately RMB5,795,279,000 in the first half of 2016 to approximately RMB8,166,170,000 in the first half of 2017, which was attributable to the increase in property sales income.

- *Sales of properties*

  Income from property sales increased significantly by 42.3% from approximately RMB5,600,820,000 in the first half of 2016 to approximately RMB7,971,375,000 in the first half of 2017. Delivered area decreased by 25.2% from 788,965 sq.m. in the first half of 2016 to 589,965 sq.m. in the first half of 2017. The average unit selling price increased from RMB7,099 per sq.m. in the first half of 2016 to RMB13,512 per sq.m. in the first half of 2017.

- *Rental income*

  Rental income increased to approximately RMB60,647,000 in the first half of 2017, which was consistent with that of the first half of 2016.

- *Property management fees*

  Property management fees increased significantly by 73.5% from approximately RMB71,995,000 in the first half of 2016 to approximately RMB124,942,000 in the first half of 2017, which was mainly attributable to the increase in number and floor area of properties under the management.

- *Project management income*

  The project management income decreased significantly by 85.1% from approximately RMB61,991,000 in the first half of 2016 to approximately RMB9,206,000 in the first half of 2017, which was attributable to the project management service and other property related service income provided to a joint venture.

Gross Profit

Gross profit increased significantly by 68.0% from approximately RMB1,491,177,000 in the first half of 2016 to approximately RMB2,505,111,000 in the first half of 2017. Gross profit margin increased significantly from 25.7% in the first half of 2016 to 30.7% in the first half of 2017. The increase in gross profit margin was attributable to a higher proportion of products in first-tier cities with relatively higher gross profit margin delivered during the period.

Changes in Fair Value of Investment Properties

The fair value gains of investment properties increased significantly by 92.6% from approximately RMB140,820,000 in the first half of 2016 to approximately RMB271,257,000 in the first half of 2017. The fair value gains of investment properties during the period were mainly attributable to the value appreciation of the shopping malls of World City in Beijing and Fortune Plaza • World City in Quanzhou.

Selling and Marketing Expenses

Selling and marketing expenses increased significantly by 105.9% from approximately RMB130,008,000 in the first half of 2016 to approximately RMB267,627,000 in the first half of 2017. The increase in selling and marketing expenses was mainly attributable to the increase in advertisements and promotion activities.

Administrative Expenses

Administrative expenses increased significantly by 146.7% from approximately RMB152,924,000 in the first half of 2016 to approximately RMB377,303,000 in the first half of 2017. The increase in administrative expenses was mainly attributable to the inclusion of the equity-settled share option expenses of approximately RMB53,965,000, exchange loss of approximately RMB82,286,000 and increase in administrative staff costs to cope with the needs for business expansion in the first half of 2017.

Finance Costs

Finance costs increased significantly by 53.6% from approximately RMB132,241,000 in the first half of 2016 to approximately RMB203,152,000 in the first half of 2017. 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 significantly by 31.5% from approximately RMB581,386,000 in the first half of 2016 to approximately RMB764,663,000 in the first half of 2017.

Income Tax Expense

Income tax expense increased significantly by 75.4% from approximately RMB442,755,000 in the first half of 2016 to approximately RMB776,712,000 in the first half of 2017. 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 significant increase in income from property sales and increase in gross profits margin of projects.

Profit for the Period

Profit for the period increased significantly by 37.0% from approximately RMB883,672,000 in the first half of 2016 to approximately RMB1,210,735,000 in the first half of 2017, which was mainly attributable to the significant increase in income from property sales and increase in gross profit margin of projects during the period. The core profit margin increased by 1.0 percentage point from 12.3% in the first half of 2016 to 13.3% in the first half of 2017.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent increased significantly by 60.7% from approximately RMB630,675,000 in the first half of 2016 to approximately RMB1,013,530,000 in the first half of 2017. Basic earnings per share amounted to approximately RMB29.6 cents in the first half of 2017. Core profit attributable to owners of the parent increased significantly by 106.2% from approximately RMB455,469,000 in the first half of 2016 to approximately RMB938,985,000 in the first half of 2017.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2017, the Group's cash and bank balances were denominated in different currencies as set out below:

	30 June 2017 (Unaudited) ***RMB'000***	31 December 2016 (Audited) *RMB'000*
Renminbi	**11,415,642**	8,534,948
Hong Kong dollars	**10,324**	13,968
US dollars	**2,017,827**	53,842
Total cash and bank balances	**13,443,793**	8,602,758

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 bills issued from banks in the PRC. As at 30 June 2017, the amount of restricted cash and pledged deposits were approximately RMB1,336,436,000 (31 December 2016: approximately RMB1,128,823,000) and approximately RMB119,399,000 (31 December 2016: approximately RMB261,941,000), respectively.

Borrowings and Pledged Assets

The maturity of the borrowings of the Group as at 30 June 2017 is as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
	RMB'000	*RMB'000*
Bank and other borrowings:		
Within one year or on demand	**4,201,628**	3,427,434
In the second year	**6,509,860**	3,062,222
In the third to fifth years, inclusive	**4,065,971**	5,930,730
Beyond fifth years	**147,320**	–
	14,924,779	12,420,386
Senior notes and domestic bonds:		
In the second year	**3,473,014**	3,470,293
In the third to fifth years, inclusive	**5,639,025**	2,387,676
	9,112,039	5,857,969
Total borrowings	**24,036,818**	18,278,355

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

	30 June 2017 (Unaudited) ***RMB'000***	31 December 2016 (Audited) *RMB'000*
Bank and other borrowings:		
Renminbi	**11,995,620**	9,403,960
Hong Kong dollars	**103,823**	113,025
US dollars	**2,825,336**	2,903,401
	14,924,779	12,420,386
Senior notes and domestic bonds:		
Renminbi	**3,473,014**	3,470,293
US dollars	**5,639,025**	2,387,676
	9,112,039	5,857,969
Total borrowings	**24,036,818**	18,278,355

As at 30 June 2017, approximately RMB11,995,620,000 (31 December 2016: approximately RMB9,409,925,000) 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 RMB20,822,740,000 (31 December 2016: approximately RMB18,867,129,000), 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**"), the senior notes of US$500 million at a coupon rate of 5.875% due 2022 issued in March 2017 and April 2017 (the "**2017 Senior Notes**") and approximately RMB2,660,371,000 (31 December 2016: approximately RMB2,733,292,000) 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 2017, except for certain bank and other borrowings of approximately RMB7,878,120,000 (31 December 2016: approximately RMB5,175,000,000) bearing interest at fixed interest rates, all the Group's bank and other borrowings bear interest at floating interest rates. The 2015 Senior Notes, the 2017 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 2017, the net gearing ratio was 80.5% (31 December 2016: 80.2%).

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 2017, except for certain bank deposits, bank and other borrowings, the 2015 Senior Notes and the 2017 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.

During the first half of 2017, the Group had entered into certain capped forward cross currency swap contracts to mitigate the currency risk exposure of foreign currency denominated indebtedness. As at 30 June 2017, the Group had entered into capped forward cross currency swap contracts with an aggregate contract amount of US$750 million. Save as disclosed above, no other foreign currency hedging arrangement was made as at 30 June 2017. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group provided financial guarantees to the banks in respect of the following items:

	30 June 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**11,781,029**	11,845,901

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 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	**608,169**	238,418

Furthermore, as at 30 June 2017, the Group provided guarantee to a bank in connection with a loan amount of RMB731,000,000 (31 December 2016: RMB731,000,000) granted to a joint venture.

CAPITAL COMMITMENTS

As at 30 June 2017, the capital commitments of the Group are as follows:

	30 June 2017 (Unaudited) *RMB'000*	31 December 2016 (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	**6,547,627**	10,316,388

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 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Contracted, but not provided for:		
Capital expenditure for joint ventures' properties under development and construction of investment properties in Mainland China	**129,554**	213,796

CORPORATE GOVERNANCE

During the six months ended 30 June 2017, 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; and discussed the accounting principles and policies adopted by the Group together with the management. The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017.

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 of conduct for securities transactions by 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.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK6 cents per ordinary share of the Company for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil). The interim dividend will be payable on or about 9 October 2017 to shareholders whose names appear on the register of members of the Company on 11 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Monday, 11 September 2017, when no transfer of shares will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2017, 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, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 8 September 2017.

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 2017 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, 16 August 2017

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