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中骏置业

CHINA SCE PROPERTY HOLDINGS LIMITED

中 駿 置 業 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1966)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

- Contracted sales amount increased by approximately 41.3% to approximately RMB33,247,370,000.
- Revenue increased by approximately 29.0% to approximately RMB16,105,245,000.
- Profit for the year increased by approximately 41.3% to approximately RMB3,448,551,000.
- Profit attributable to owners of the parent increased by approximately 37.0% to approximately RMB2,840,035,000.
- Core profit attributable to owners of the parent increased by approximately 37.9% to approximately RMB1,903,001,000.
- Basic earnings per share increased by approximately 32.1% to approximately RMB79.9 cents.
- Gross profit margin and core profit margin were 34.1% and 14.9%, respectively.
- Net gearing ratio was 71.8% as at 31 December 2017.
- The Board proposed to declare a final dividend of HK13 cents per ordinary share.

The board (the "**Board**") of directors (the "**Directors**") of China SCE Property Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
REVENUE	*5*	**16,105,245**	12,480,683
Cost of sales		**(10,620,061)**	(9,354,990)
Gross profit		**5,485,184**	3,125,693
Other income and gains	*5*	**122,812**	341,472
Changes in fair value of investment properties, net		**1,262,744**	548,382
Selling and marketing expenses		**(530,538)**	(407,116)
Administrative expenses		**(963,431)**	(471,771)
Other expenses		**(332,561)**	(129,454)
Finance costs	*6*	**(392,048)**	(316,894)
Share of profits and losses of:			
Joint ventures		**814,542**	803,593
Associates		**(6,062)**	(120)
PROFIT BEFORE TAX	*7*	**5,460,642**	3,493,785
Income tax expense	*8*	**(2,012,091)**	(1,053,334)
PROFIT FOR THE YEAR		**3,448,551**	2,440,451
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		**46,017**	(38,837)
Share of other comprehensive income/(loss) of associates		**157**	(95)
Exchange differences on translation of foreign operations		**578,541**	(428,055)
Available-for-sale investments:			
Change in fair value		**52,051**	–
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**676,766**	(466,987)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gain on property revaluation		**82,872**	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**82,872**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**759,638**	(466,987)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,208,189**	1,973,464

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
Year ended 31 December 2017

	Note	**2017** *RMB'000*	2016 *RMB'000*
Profit attributable to:			
Owners of the parent		**2,840,035**	2,072,284
Holders of perpetual capital instruments		**51,975**	49,967
Non-controlling interests		**556,541**	318,200
		3,448,551	2,440,451
Total comprehensive income attributable to:			
Owners of the parent		**3,516,512**	1,666,544
Holders of perpetual capital instruments		**51,975**	49,967
Non-controlling interests		**639,702**	256,953
		4,208,189	1,973,464
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**RMB79.9 cents**	RMB60.5 cents
Diluted		**RMB78.4 cents**	RMB60.5 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property and equipment		**104,894**	109,030
Investment properties		**10,251,718**	7,429,400
Prepaid land lease payments		**5,414,497**	7,328,897
Intangible asset		**3,489**	3,653
Properties under development		**1,524,085**	1,222,958
Contract in progress		**340,667**	366,824
Investments in joint ventures		**3,308,894**	1,290,028
Investments in associates		**115,265**	114,195
Available-for-sale investments		**229,541**	141,739
Derivative financial instruments		**–**	139,821
Prepayments and deposits		**2,948,515**	1,519,782
Deferred tax assets		**344,923**	247,971
Total non-current assets		**24,586,488**	19,914,298
CURRENT ASSETS			
Properties under development		**21,740,001**	14,798,538
Completed properties held for sale		**2,967,252**	4,572,534
Trade receivables	*11*	**57,634**	185,034
Prepayments, deposits and other receivables		**2,881,509**	1,596,669
Due from related parties		**3,468,627**	534,162
Prepaid income tax		**831,372**	630,879
Restricted cash		**1,471,342**	1,128,823
Pledged deposits		**25,300**	261,941
Cash and cash equivalents		**8,145,483**	7,211,994
Total current assets		**41,588,520**	30,920,574
CURRENT LIABILITIES			
Trade and bills payables	*12*	**3,152,203**	2,595,347
Other payables and accruals		**20,136,559**	14,440,593
Interest-bearing bank and other borrowings		**4,481,209**	3,427,434
Derivative financial instruments		**40,364**	–
Senior notes and domestic bonds		**3,477,192**	–
Due to related parties		**1,707,222**	1,567,671
Tax payable		**1,643,712**	854,664
Total current liabilities		**34,638,461**	22,885,709
NET CURRENT ASSETS		**6,950,059**	8,034,865
TOTAL ASSETS LESS CURRENT LIABILITIES		**31,536,547**	27,949,163

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
31 December 2017

	2017 *RMB'000*	2016 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**31,536,547**	27,949,163
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**8,150,246**	8,992,952
Derivative financial instruments	**149,031**	–
Senior notes and domestic bonds	**5,414,433**	5,857,969
Deferred tax liabilities	**1,226,399**	993,847
Provision for major overhauls	**38,568**	32,564
Total non-current liabilities	**14,978,677**	15,877,332
Net assets	**16,557,870**	12,071,831
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**329,804**	295,732
Reserves	**12,128,322**	8,112,085
	12,458,126	8,407,817
Perpetual capital instruments	**700,000**	900,000
Non-controlling interests	**3,399,744**	2,764,014
Total equity	**16,557,870**	12,071,831

NOTES:

1. CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The addresses of the principal place of business of the Company in the People's Republic of China (the "PRC") and Hong Kong are SCE Tower, No. 2, Lane 1688, Shengchang Road, Hongqiao Business District, Shanghai, China, and Room 2801, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong, respectively.

The Group was principally engaged in property development, property investment and property management in the PRC during the year.

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

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, available-for-sale investments and derivative financial instruments which have been measured at fair value.

The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has fully assessed and adopted, to the extent that is relevant to the Group, the following revised HKFRSs for the first time for the current year's 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 to HKFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

Other than as explained below regarding the impact of HKAS 7, the adoption of the above revised standards has had no significant financial effect on these financial statements.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the businesses of property development, property investment, 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 5 below.

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

During the years ended 31 December 2017 and 31 December 2016, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, represents the gross proceeds, net of business tax, value-added tax and other sales related taxes from the sales of properties; gross rental income received and receivable from investment properties, income from property management segment, land development income received and income from project management segment, net of business tax and value-added tax, received and receivable during the year.

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

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sales of properties	**15,573,839**	11,705,120
Gross rental income	**123,499**	136,636
Property management fees	**270,295**	165,335
Land development income	**85,691**	397,490
Project management income	**51,921**	76,102
	16,105,245	12,480,683
Other income and gains		
Bank interest income	**41,085**	38,821
Foreign exchange gains, net	**–**	75,382
Forfeiture income on deposits received	**17,061**	5,673
Gain on disposal of items of property and equipment, net	**1,601**	8,785
Gain on deemed disposal of a subsidiary upon loss of control	**20,903**	–
Fair value gain of derivative financial instruments — transactions not qualifying as hedges	**–**	139,821
Gain on bargain purchase	**–**	43,977
Others	**42,162**	29,013
	122,812	341,472

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	RMB'000	*RMB'000*
Interest on bank and other borrowings, senior notes and domestic bonds	**1,567,441**	1,159,771
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**1,741**	1,460
Total interest expense on financial liabilities not at fair value through profit or loss	**1,569,182**	1,161,231
Less: Interest capitalised	**(1,177,134)**	(844,337)
	392,048	316,894

7. PROFIT BEFORE TAX

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

	2017	2016
	RMB'000	*RMB'000*
Cost of properties sold	**10,342,470**	8,912,734
Cost of services provided	**277,427**	442,090
Depreciation	**21,580**	24,678
Amortisation of land lease payments	**17,271**	21,595
Amortisation of an intangible asset	**164**	166
Provision for major overhauls	**5,003**	4,787
Minimum lease payments under operating leases for land and buildings	**15,409**	12,512
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	**441**	298
Auditor's remuneration	**3,600**	3,435
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	**494,570**	308,595
Equity-settled share option expense	**53,965**	2,833
Pension scheme contributions	**64,035**	30,249
Less: Amount capitalised	**(143,260)**	(35,259)
	469,310	306,418
Foreign exchange (gains)/losses, net	**135,081**	(75,382)
Fair value gain of derivative financial instruments-transactions not qualifying as hedges	**–**	(139,821)
Fair value loss of derivative financial instruments-transactions not qualifying as hedges	**332,561**	–
Premium paid on early redemption of senior notes	**–**	129,454
Write down to net realisable value of completed properties held for sale	**66,698**	34,306
Loss on disposal of investment properties, net	**10,171**	55
Gain on disposal of items of property and equipment, net	**(1,601)**	(8,785)

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (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.

	2017	2016
	RMB'000	*RMB'000*
Current charge for the year:		
PRC corporate income tax	**1,232,289**	577,927
PRC land appreciation tax	**645,488**	447,462
Overprovision in prior years, net:		
Mainland China	**(3,967)**	(84,410)
	1,873,810	940,979
Deferred	**138,281**	112,355
Total tax charge for the year	**2,012,091**	1,053,334

9. DIVIDENDS

	2017	2016
	RMB'000	*RMB'000*
Interim — HK6 cents (2016: Nil) per ordinary share	**195,429**	–
Proposed final — HK13 cents (2016: HK14 cents) per ordinary share	**413,984**	429,439
	609,413	429,439

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 3,553,155,068 (2016: 3,423,840,000) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, 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.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2016 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

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

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculations	**2,840,035**	2,072,284

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,553,155,068**	3,423,840,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**69,174,117**	–
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**3,622,329,185**	3,423,840,000

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

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

An aging 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:

	2017	2016
	RMB'000	*RMB'000*
Current to 90 days	**33,228**	123,435
91 to 180 days	**18,022**	3,306
181 to 365 days	**5,037**	54,030
Over 365 days	**1,347**	4,263
	57,634	185,034

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

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**57,632**	176,520
1 to 6 months past due	**2**	3,305
7 to 12 months past due	**–**	946
Over 1 year past due	**–**	4,263
	57,634	185,034

12. TRADE AND BILLS PAYABLES

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

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**3,014,497**	2,540,470
Over 1 year	**137,706**	54,877
	3,152,203	2,595,347

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 2017, the real estate market in the PRC was full of opportunities and challenges. On one hand, some of the local governments of popular cities continued to implement tightened real estate control policies. The policies of restrictions on property purchase, mortgage, price and sale have been adopted. These policies effectively curbed the increase on residential property prices and the property prices in some first-tier and popular second-tier cities slightly declined as well. On the other hand, under the "four-restrictions" 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.

Throughout 2017, the transaction volume and average selling price of commodity housing in the PRC took a moderate upward trend. According to the "National Real Estate Development and Sales in 2017" (《2017年全國房地產開發投資和銷售情況》) issued by the National Bureau of Statistics of the PRC, the sales area of national commodity housing amounted to approximately 1.69 billion sq.m. in 2017, representing an increase of 7.7% as compared with that of last year, of which the sales area of residential housing increased by 5.3% year-on-year. The sales amount of national commodity housing amounted to approximately RMB13,370.1 billion, representing a year-on-year increase of 13.7%, of which the sales amount of residential housing increased by 11.3% as compared with that of last year.

BUSINESS REVIEW

Contracted Sales

During the year of 2017, the Group together with its joint ventures and associates outperformed the annual sales target of RMB28.0 billion and achieved a record-high contracted sales amount reaching approximately RMB33.247 billion (including the contracted sales amount of approximately RMB7.322 billion from the joint ventures and associates) and contracted sales area of approximately 1.91 million sq.m. (including the contracted sales area of approximately 450,000 sq.m. from the joint ventures and associates) for the year, representing an increase of approximately 41.3% and 15.1% as compared with that of last year, respectively. The average selling price of properties was approximately RMB17,365 per sq.m. in the year, representing an increase of approximately 22.5% as compared with that of last year.

In 2017, the Group together with its joint ventures and associates had an aggregate of over 60 projects for sale in 19 cities, among which 17 projects were newly launched in the year, namely The Paramount and Jade Plaza in Beijing, Sky Horizon in Shanghai, Royal Palace and Garden Terrace in Tianjin, 6 Park Square in Nanjing, Parkview Bay in Jinan, Royal Bay and Uptown (Phase 2) in Nanchang, The Riviera in Foshan, Central Unique Mansion, Garden Terrace, Royal Bay and The Paramount in Quanzhou, Sunshine City in Zhenjiang, Sunshine City (Longhai) and Zhangzhou Project in Zhangzhou. The Group's strategy of "Regional Focused, Nationwide Development" (區域聚焦、全國發展) has contributed to the soaring contracted sales amount in the first-tier and second-tier, third- and fourth-tier cities.

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

By City

City	Contracted Sales Area *(sq.m.)*	Contracted Sales Amount *(RMB Million)*	Percentage of Contracted Sales Amount *(%)*
Beijing	77,369	6,562	19.7
Shanghai	175,696	7,076	21.3
Shenzhen	19,340	700	2.1
Tianjin	262,915	4,236	12.7
Hangzhou	51,983	820	2.5
Nanjing	44,522	623	1.9
Jinan	19,421	341	1.0
Nanchang	127,997	1,777	5.4
Xiamen	42,368	489	1.5
Quanzhou	648,971	6,509	19.6
Zhangzhou	184,174	2,291	6.9
Others	259,845	1,823	5.4
Total	1,914,601	33,247	100.0

From the perspective of distribution among cities, contracted sales in Beijing and Shanghai have been the most remarkable among the first-tier cities, amounting to approximately RMB6.562 billion and RMB7.076 billion respectively. Projects for sale all have excellent sales amount. In addition, benefited from the spillover effects derived from the first-tier and popular second-tier cities, the projects in Quanzhou and Zhangzhou recorded satisfying sales performance with contracted sales amounting to approximately RMB6.509 billion and RMB2.291 billion respectively, accounting for 19.6% and 6.9% respectively of the contracted sales amount of the Group during the year.

By Region

Region	**Contracted Sales Area** *(sq.m.)*	**Contracted Sales Amount** *(RMB Million)*	**Percentage of Contracted Sales Amount** *(%)*
Bohai Rim Economic Zone	580,492	12,431	37.4
Yangtze River Delta Economic Zone	283,410	8,632	26.0
West Taiwan Strait Economic Zone	1,016,222	11,104	33.4
Pearl River Delta Economic Zone	34,477	1,080	3.2
Total	1,914,601	33,247	100.0

As various new projects located in Bohai Rim Economic Zone were launched for sale during the year, the proportions of contracted sales amounts of the Group together with its joint ventures and associates in this region has been the highest, which accounted for approximately 37.4%. Immediately after Bohai Rim Economic Zone was the contracted sales amount in the West Taiwan Strait Economic Zone, the contracted sales amount increased by approximately 30.3% to RMB11.104 billion as compared with that of last year. Benefited from spillover effects in Xiamen, Quanzhou achieved remarkable contracted sales of approximately RMB6.509 billion, representing a year-on-year increase of 82.8%.

By City Tier

City Tier	**Contracted Sales Area** *(sq.m.)*	**Contracted Sales Amount** *(RMB Million)*	**Percentage of Contracted Sales Amount** *(%)*
First-tier cities	272,405	14,338	43.1
Second-tier cities	550,042	8,293	25.0
Third- and fourth-tier cities	1,092,154	10,616	31.9
Total	1,914,601	33,247	100.0

From the perspective of city tier, in 2017, the contracted sales amounts of the Group together with its joint ventures and associates in the first-tier and second-tier cities have been rising as compared to the corresponding period of last year and accounted for 43.1% and 25.0% 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 2017, the Group recorded satisfactory results in recognising property sales income. The Group achieved recognised property sales income of approximately RMB15.574 billion and area of properties delivered of approximately 1.26 million sq.m., representing a year-on-year increase of approximately 33.1% and decrease of approximately 9.8% respectively. The average selling price of properties was approximately RMB12,397 per sq.m. Details of the Group's recognised property sales income are as follows:

By City

City	**Recognised Property Sales Area** *(sq.m.)*	**Recognised Property Sales Income** *(RMB Million)*	**Percentage of Recognised Property Sales Income** *(%)*
Shanghai	116,371	4,318	27.7
Shenzhen	56,136	1,814	11.7
Quanzhou	510,187	3,760	24.1
Zhangzhou	236,230	2,508	16.1
Yanjiao	144,760	2,135	13.7
Others	192,591	1,039	6.7
Total	1,256,275	15,574	100.0

By Region

Region	**Recognised Property Sales Area** *(sq.m.)*	**Recognised Property Sales Income** *(RMB Million)*	**Percentage of Recognised Property Sales Income** *(%)*
Bohai Rim Economic Zone	307,290	2,980	19.1
Yangtze River Delta Economic Zone	116,371	4,318	27.7
West Taiwan Strait Economic Zone	776,478	6,462	41.5
Pearl River Delta Economic Zone	56,136	1,814	11.7
Total	1,256,275	15,574	100.0

By City Tier

City Tier	**Recognised Property Sales Area** *(sq.m.)*	**Recognised Property Sales Income** *(RMB Million)*	**Percentage of Recognised Property Sales Income** *(%)*
First-tier cities	172,507	6,132	39.4
Second-tier cities	14,085	137	0.9
Third- and fourth-tier cities	1,069,683	9,305	59.7
Total	1,256,275	15,574	100.0

Land Bank

As at 31 December 2017, the Group together with its joint ventures and associates had a land bank with an aggregate planned GFA of approximately 15.57 million sq.m., of which the aggregate planned GFA attributable to the Group was approximately 9.70 million sq.m. and distributed in 23 cities. In 2017, the Group together with its joint ventures and associates acquired 38 projects in total, with an aggregate above-ground GFA of approximately 6.45 million sq.m., at an aggregate land costs of approximately RMB32.167 billion. The average land cost was approximately RMB4,990 per sq.m. The new land acquisitions in 2017 were as follows:

City	Project	Type of Property	Above-ground GFA	Land Cost	Average Land Cost	Percentage of Interest Attributable to the Group
			(sq.m.)	*(RMB Million)*	*(RMB per sq.m.)*	*(%)*
<u>Bohai Rim Economic Zone</u>						
Tianjin	Tianjin Project	Residential and commercial	173,024	2,690	15,548	13
Tianjin	Parkview Manor	Residential and commercial	231,711	810	3,495	33
Qingdao	Qingdao Project	Residential and commercial	396,800	1,032	2,601	100
Jinan	Parkview Bay	Residential and commercial	308,691	1,368	4,431	45
Jinan	Uptown	Commercial	58,772	128	2,178	100
Jinan	Jinan Project	Residential and commercial	380,340	1,453	3,820	20
Dezhou	The Royal Bay	Residential	320,749	241	752	40
<u>Yangtze River Delta Economic Zone</u>						
Shanghai	Shanghai Project	Commercial	20,581	329	16,000	100
Shanghai	Times Square	Commercial	84,518	964	11,402	28
Suzhou	Suzhou Project (Taicang)	Residential and commercial	102,012	386	3,785	16
Suzhou	Suzhou Project (Wujiang Pingwang)	Residential	57,264	359	6,267	50

City	Project	Type of Property	Above-ground GFA	Land Cost	Average Land Cost	Percentage of Interest Attributable to the Group
			(sq.m.)	*(RMB Million)*	*(RMB per sq.m.)*	*(%)*
Suzhou	Suzhou Project (Wujiang Taihu)	Residential and commercial	43,281	178	4,116	33
Hangzhou	Parkview Bay	Residential and commercial	116,894	910	7,785	96
Hangzhou	Hangzhou Project	Commercial	19,765	84	4,251	100
Nanjing	Royal Terrace	Residential and commercial	148,730	1,910	12,842	50
Nanjing	Nanjing Project (Jiangning Dongshan Enterprise R&D Park)	Residential and commercial	178,229	1,700	9,538	10
Nanjing	Nanjing Project (Jiangning South Station)	Residential and commercial	404,786	4,910	12,130	7
Nanjing	Nanjing Project (Jiangning)	Commercial	141,299	2,220	15,711	14
Nantong	Nantong Project	Residential and commercial	197,802	640	3,233	13
Xuzhou	Parkview Bay	Residential and commercial	252,196	145	574	70
Xuzhou	Garden Terrace	Residential and commercial	155,167	594	3,828	100
Xuzhou	Golden Riviera	Residential and commercial	234,610	83	356	40
Xuzhou	Parkview Palace	Residential and commercial	49,084	226	4,604	33
Zhenjiang	Sunshine City	Residential and commercial	138,637	476	3,434	96
West Taiwan Strait Economic Zone						
Nanchang	Royal Bay	Residential and commercial	130,753	528	4,038	90
Quanzhou	Garden Terrace	Residential and commercial	77,479	93	1,205	70
Quanzhou	Quanzhou Project (Quanzhou Development Zone)	Residential and commercial	202,995	595	2,931	40

City	Project	Type of Property	Above-ground GFA	Land Cost	Average Land Cost	Percentage of Interest Attributable to the Group
			(sq.m.)	*(RMB Million)*	*(RMB per sq.m.)*	*(%)*
Quanzhou	Imperial Manor	Residential and commercial	164,699	197	1,197	60
Quanzhou	Quanzhou Project (Anxi)	Residential and commercial	181,730	450	2,476	17
Zhangzhou	Sunshine City (Longhai)	Residential and commercial	94,012	607	6,457	90
Zhangzhou	Zhangzhou Project	Residential and commercial	114,923	921	8,014	15
Zhangzhou	Sunshine City (Changtai)	Residential and commercial	37,700	116	3,066	75
Pearl River Delta Economic Zone						
Foshan	The Riviera	Residential and commercial	304,700	3,430	11,257	49
Huizhou	Royal Terrace	Residential and commercial	90,483	387	4,280	95
Huizhou	Uptown	Residential and commercial	154,579	285	1,843	96
Huizhou	Huizhou Project	Residential and commercial	147,336	370	2,511	93
Central Western Region						
Chongqing	Chongqing Project (Jiangjin)	Residential and commercial	340,687	177	519	92
Chongqing	Chongqing Project (Shuangfu)	Residential and commercial	188,979	175	929	100
Total			6,445,997	32,167	4,990	

FINANCIAL REVIEW

Revenue

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

The annual revenue increased by approximately 29.0% from approximately RMB12,480,683,000 in 2016 to approximately RMB16,105,245,000 in 2017, which was attributable to the increase in property sales income.

- *Sales of properties*

  Income from property sales increased significantly by approximately 33.1% from approximately RMB11,705,120,000 in 2016 to approximately RMB15,573,839,000 in 2017. Delivered area decreased by approximately 9.8% from 1,392,504 sq.m. in 2016 to 1,256,275 sq.m. in 2017. The average unit selling price increased from approximately RMB8,406 per sq.m. in 2016 to approximately RMB12,397 per sq.m. in 2017.

- *Rental income*

  Rental income decreased by approximately 9.6% from approximately RMB136,636,000 in 2016 to approximately RMB123,499,000 in 2017, which was mainly attributable to the decrease in contribution of rental income from shopping mall of World City in Beijing.

- *Property management fees*

  Property management fees increased significantly by approximately 63.5% from approximately RMB165,335,000 in 2016 to approximately RMB270,295,000 in 2017, which was mainly attributable to the increase in number and floor area of properties under management.

- *Land development income*

  Land development income decreased significantly by approximately 78.4% from approximately RMB397,490,000 in 2016 to approximately RMB85,691,000 in 2017, which was attributable to pre-construction and preparation work provided for certain land parcels in Quanzhou.

- *Project management income*

  The project management income decreased significantly by approximately 31.8% from approximately RMB76,102,000 in 2016 to approximately RMB51,921,000 in 2017, which was attributable to the project management service and other property related service income provided to joint ventures.

Gross Profit

Gross profit increased significantly by approximately 75.5% from approximately RMB3,125,693,000 in 2016 to approximately RMB5,485,184,000 in 2017. Gross profit margin increased significantly from approximately 25.0% in 2016 to approximately 34.1% in 2017. The increase in gross profit margin was attributable to products with relatively higher gross profit margin being delivered during the year.

Other Income and Gains

Other income and gains decreased significantly by approximately 64.0% from approximately RMB341,472,000 in 2016 to approximately RMB122,812,000 in 2017. The significant decrease in other income and gains was mainly attributable to the inclusion of fair value gain of derivative financial instruments — transactions not qualifying as hedges of approximately RMB139,821,000 in 2016, while there was no such income in 2017.

Changes in Fair Value of Investment Properties

The fair value gains of investment properties increased significantly by approximately 130.3% from approximately RMB548,382,000 in 2016 to approximately RMB1,262,744,000 in 2017. The fair value gains of investment properties during the year were mainly attributable to the value appreciation of the office building of Skyline Tower in Shanghai, shopping mall of Fortune Plaza • World City in Quanzhou, SOHO apartments of The Paramount in Quanzhou and the shopping mall of World City in Quanzhou Nan'an.

Selling and Marketing Expenses

Selling and marketing expenses increased significantly by approximately 30.3% from approximately RMB407,116,000 in 2016 to approximately RMB530,538,000 in 2017. The increase in selling and marketing expenses during the year was mainly attributable to the increase in the number of projects launched for pre-sale.

Administrative Expenses

Administrative expenses increased significantly by approximately 104.2% from approximately RMB471,771,000 in 2016 to approximately RMB963,431,000 in 2017. The increase in administrative expenses was mainly attributable to the inclusion of the equity-settled share option expenses of approximately RMB53,965,000 and exchange loss of approximately RMB135,081,000. In addition, the Group has expanded its operation to several new cities, administrative staff costs in 2017 increased significantly compared to that of 2016.

Finance Costs

Finance costs increased by approximately 23.7% from approximately RMB316,894,000 in 2016 to approximately RMB392,048,000 in 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 approximately 35.1% from approximately RMB1,161,231,000 in 2016 to approximately RMB1,569,182,000 in 2017.

Share of Profits and Losses of Joint Ventures

Share of profits of joint ventures increased by approximately 1.4% from approximately RMB803,593,000 in 2016 to approximately RMB814,542,000 in 2017. The amount was mainly attributable to the delivery of projects and the increase in the fair value gains of investment properties of joint ventures.

Income Tax Expense

Income tax expense increased significantly by approximately 91.0% from approximately RMB1,053,334,000 in 2016 to approximately RMB2,012,091,000 in 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 increase in income from property sales and significant increase in gross profits margin of projects.

Profit for the Year

Profit for the year increased significantly by approximately 41.3% from approximately RMB2,440,451,000 in 2016 to approximately RMB3,448,551,000 in 2017, which was mainly attributable to the increase in income from property sales and increase in gross profit margin of projects during the year. The core profit margin increased by 1.1 percentage point from approximately 13.8% in 2016 to approximately 14.9% in 2017.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent increased significantly by approximately 37.0% from approximately RMB2,072,284,000 in 2016 to approximately RMB2,840,035,000 in 2017. Basic earnings per share amounted to approximately RMB79.9 cents in 2017. Core profit attributable to owners of the parent increased significantly by approximately 37.9% from approximately RMB1,380,107,000 in 2016 to approximately RMB1,903,001,000 in 2017.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2017, the Group's cash and bank balances were denominated in different currencies as set out below:

	2017	2016
	RMB'000	*RMB'000*
Renminbi	**8,447,052**	8,534,948
Hong Kong dollars	**815,394**	13,968
US dollars	**379,679**	53,842
Total cash and bank balances	**9,642,125**	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 31 December 2017, the amount of restricted cash and pledged deposits was approximately RMB1,471,342,000 (31 December 2016: approximately RMB1,128,823,000) and approximately RMB25,300,000 (31 December 2016: approximately RMB261,941,000), respectively.

Borrowings and Pledged Assets

The maturity of the borrowings of the Group as at 31 December 2017 is as follows:

	2017	2016
	RMB'000	*RMB'000*
Bank and other borrowings:		
Within one year or on demand	**4,481,209**	3,427,434
In the second year	**6,514,771**	3,062,222
In the third to fifth years, inclusive	**1,556,755**	5,930,730
Beyond fifth year	**78,720**	–
	12,631,455	12,420,386
Senior notes and domestic bonds:		
Within one year or on demand	**3,477,192**	–
In the second year	**–**	3,470,293
In the third to fifth years, inclusive	**5,414,433**	2,387,676
	8,891,625	5,857,969
Total borrowings	**21,523,080**	18,278,355

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

	2017	2016
	RMB'000	*RMB'000*
Bank and other borrowings:		
Renminbi	**10,104,260**	9,403,960
Hong Kong dollars	**–**	113,025
US dollars	**2,527,195**	2,903,401
	12,631,455	12,420,386
Senior notes and domestic bonds:		
Renminbi	**3,477,192**	3,470,293
US dollars	**5,414,433**	2,387,676
	8,891,625	5,857,969
Total borrowings	**21,523,080**	18,278,355

As at 31 December 2017, approximately RMB10,104,260,000 (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 RMB19,497,384,000 (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 RMB2,301,298,000 (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 31 December 2017, except for certain bank and other borrowings of approximately RMB5,195,760,000 (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 31 December 2017, the net gearing ratio was 71.8% (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 31 December 2017, except for certain bank deposits, available-for-sale investments, bank and other borrowings, derivative financial instruments, 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 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 31 December 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 31 December 2017. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group provided financial guarantees to the banks in respect of the following items:

	2017	2016
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**14,947,867**	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:

	2017	2016
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	**793,633**	238,418

Furthermore, as at 31 December 2017, the Group provided guarantees to banks in connection with outstanding loan amount of RMB1,934,000,000 (31 December 2016: RMB731,000,000) granted to joint ventures.

CAPITAL COMMITMENTS

As at 31 December 2017, the capital commitments of the Group are as follows:

	2017	2016
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	**9,686,960**	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:

	2017	2016
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Capital expenditure for joint ventures' properties under development and construction of investment properties in Mainland China	**185,843**	213,796

OUTLOOK

Although the real estate control policies were further tightened in the prior year, the overall transaction volumes in the real estate market as well as the selling prices remained at a high level. Looking forward to 2018, we believe that the control policies over the first-tier cities and quality second-tier cities will unlikely be loosened. Moreover, the government of popular cities will speed up the improvement of the long-term mechanism on rental housing as well as increase the supply of lands for rental housing. As such, the land price of first-tier cities and quality second-tier cities may decline, while the transaction volumes in certain third- and fourth-tier cities will remain at a high level. In view of the urbanisation and metropolitan development, we are of the view that the rigid demand and the upgrader demand will remain keen.

In the long run, we remain optimistic about the prospects of real estate markets in first- and quality second-tier cities. Therefore, the Group will adhere to the strategy of "Focusing on First-tier Cities and Quality Second-tier Cities" and its satellite markets and closely monitor for the economically developed regions in third-tier cities. 2018 is bound to be a year full of opportunities for land expansion, we will capture the best timing in acquiring land at a lower price. Without affecting the Group's liquidity security, the Group will actively keep an eye on the land market of the target cities in preparation for its growth in future.

In terms of launch strategy, the Group aspires to capture the market trend, keep track of the property market development and proactively conduct property launch in second-tier cities and strong third-tier cities. As such, the Group plans to launch over 30 new projects in 2018, which are mainly located in Shanghai, Tianjin, Nanjing, Jinan, Foshan, Quanzhou, Xuzhou and Huizhou etc.

Based on the key concept of "the future determines the present", the Group is committed to developing new business by establishing the "FUN + Happy Life Ecosystem" (FUN + 幸福生活生態圈) in order to proactively respond to the market changes and satisfy the different needs of its customers. In August 2017, the Group signed a strategic cooperation agreement with Greystar Capital, the largest long-term rental apartments property platform in the United States. Under this agreement, the Group planned to roll out long-term rental apartments in first-tier cities and quality second-tier cities including Beijing, Shanghai, Shenzhen, Tianjin, Hangzhou, Nanjing and Xiamen. Meanwhile, the Group strives to deliver the most comfortable and convenient lifestyle experience to its customers. In this regard, the Group will invest substantial amounts on the iFun smart technology system, an artificial intelligence system to establish linkages between long-term rental apartments, shared-offices, commercial buildings, property management, fitness and health and medical services, in the coming three years.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**Annual General Meeting**") of the Company will be held on Monday, 23 April 2018. Notice of the Annual General Meeting will be published and dispatched in accordance with the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") in due course.

DIVIDEND

The Board has proposed the payment of a final dividend of HK13 cents per ordinary share for the year ended 31 December 2017. The proposed final dividend, subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting, will be paid on or around Wednesday, 11 July 2018 to the shareholders whose names appear on the register of members of the Company on Friday, 11 May 2018.

CLOSURE OF REGISTER OF MEMBERS

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

(a) for the purpose of determining shareholders who are entitled to attend and vote at the Annual General Meeting to be held on Monday, 23 April 2018, the register of members of the Company will be closed from Wednesday, 18 April 2018 to Monday, 23 April 2018, both days inclusive, during which no transfer of shares can be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents should be lodged for registration with Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 17 April 2018; and

(b) for the purpose of determining shareholders who are qualified for the proposed final dividend, subject to the approval by the shareholders of the Company in the forthcoming Annual General Meeting, the register of members of the Company will be closed from Thursday, 10 May 2018 to Friday, 11 May 2018, both days inclusive. In order to qualify for the proposed final dividend, all transfer documents should be lodged for registration with the 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, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 9 May 2018.

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

The Audit Committee has reviewed the accounting policies adopted by the Group, the consolidated financial statements of the Group for the year ended 31 December 2017 and this annual results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2017.

CORPORATE GOVERNANCE

During the year ended 31 December 2017, save as disclosed below, the Company and the Board have been in compliance with the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules:

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

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

This results announcement of the Company for the year ended 31 December 2017 is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at www.sce-re.com.

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

Hong Kong, China, 14 March 2018

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.