中駿置业

CHINA SCE PROPERTY HOLDINGS LIMITED
中駿置業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1966)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016 AND APPOINTMENT OF EXECUTIVE DIRECTOR

FINANCIAL HIGHLIGHTS

- Contracted sales amount increased by approximately 62.1% to approximately RMB23,523,883,000.
- Revenue increased by approximately 16.8% to approximately RMB12,480,683,000.
- Profit for the year increased by approximately 55.6% to approximately RMB2,440,451,000.
- Profit attributable to owners of the parent increased by approximately 125.6% to approximately RMB2,072,284,000.
- Basic earnings per share increased by approximately 125.6% to approximately RMB60.5 cents.
- Gross profit margin and net profit margin were 25.0% and 19.6%, respectively.
- Cash and bank balances increased by approximately 37.7% to approximately RMB8,602,758,000 as at 31 December 2016.
- Net gearing ratio was 80.2% as at 31 December 2016.
- The Board proposed to declare a final dividend of HK14 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 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
REVENUE	*5*	**12,480,683**	10,690,080
Cost of sales		**(9,354,990)**	(7,679,498)
Gross profit		**3,125,693**	3,010,582
Other income and gains	*5*	**341,472**	80,165
Changes in fair value of investment properties		**548,382**	398,022
Selling and marketing expenses		**(407,116)**	(300,828)
Administrative expenses		**(471,771)**	(398,479)
Other expenses		**(129,454)**	(53,107)
Finance costs	*6*	**(316,894)**	(269,041)
Exchange differences arising from retranslation of senior notes, net		**–**	(27,918)
Share of profits and losses of:			
Joint ventures		**803,593**	110,080
Associates		**(120)**	(497)
PROFIT BEFORE TAX	*7*	**3,493,785**	2,548,979
Income tax expense	*8*	**(1,053,334)**	(980,435)
PROFIT FOR THE YEAR		**2,440,451**	1,568,544
OTHER COMPREHENSIVE LOSS:			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of joint ventures		**(38,837)**	(25,192)
Share of other comprehensive loss of associates		**(95)**	(61)
Exchange differences on translation of foreign operations		**(428,055)**	(232,790)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(466,987)**	(258,043)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,973,464**	1,310,501

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
Year ended 31 December 2016

	Note	**2016**	2015
		RMB'000	*RMB'000*
Profit attributable to:			
Owners of the parent		**2,072,284**	918,660
Holders of perpetual capital instruments		**49,967**	248,756
Non-controlling interests		**318,200**	401,128
		2,440,451	1,568,544
Total comprehensive income attributable to:			
Owners of the parent		**1,666,544**	699,676
Holders of perpetual capital instruments		**49,967**	248,756
Non-controlling interests		**256,953**	362,069
		1,973,464	1,310,501
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted		**RMB60.5 cents**	RMB26.8 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**109,030**	116,389
Investment properties		**7,429,400**	5,634,500
Prepaid land lease payments		**7,328,897**	3,047,462
Intangible asset		**3,653**	3,819
Properties under development		**1,222,958**	1,263,935
Contract in progress		**366,824**	643,194
Investments in joint ventures		**1,290,028**	581,583
Investments in associates		**114,195**	34,950
Available-for-sale investment		**141,739**	–
Derivative financial instruments		**139,821**	–
Prepayments and deposits		**1,519,782**	1,041,394
Deferred tax assets		**247,971**	188,539
Total non-current assets		**19,914,298**	12,555,765
CURRENT ASSETS			
Properties under development		**14,798,538**	12,239,872
Completed properties held for sale		**4,572,534**	5,779,254
Trade receivables	*11*	**185,034**	177,404
Prepayments, deposits and other receivables		**1,596,669**	2,204,120
Due from related parties		**534,162**	576,350
Prepaid income tax		**630,879**	496,445
Restricted cash		**1,128,823**	989,957
Pledged deposits		**261,941**	421,992
Cash and cash equivalents		**7,211,994**	4,835,079
Total current assets		**30,920,574**	27,720,473
CURRENT LIABILITIES			
Trade and bills payables	*12*	**2,595,347**	2,505,810
Receipts in advance		**12,394,513**	8,145,371
Other payables and accruals		**2,046,080**	1,355,099
Interest-bearing bank and other borrowings		**3,427,434**	3,840,519
Due to related parties		**1,567,671**	478,509
Tax payable		**854,664**	916,258
Total current liabilities		**22,885,709**	17,241,566
NET CURRENT ASSETS		**8,034,865**	10,478,907
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,949,163**	23,034,672

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
31 December 2016

	2016	2015
	RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**27,949,163**	23,034,672
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**8,992,952**	2,622,285
Senior notes and domestic bonds	**5,857,969**	7,989,481
Deferred tax liabilities	**993,847**	796,990
Provision for major overhauls	**32,564**	27,315
Total non-current liabilities	**15,877,332**	11,436,071
Net assets	**12,071,831**	11,598,601
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**295,732**	295,732
Reserves	**8,112,085**	6,631,698
	8,407,817	6,927,430
Perpetual capital instruments	**900,000**	1,200,000
Non-controlling interests	**2,764,014**	3,471,171
Total equity	**12,071,831**	11,598,601

NOTES:

1. CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Group was principally engaged in property development, property investment and property management in the People's Republic of China (the "PRC") during the year.

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

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("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 investment and derivative financial instruments which have been measured at fair value.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2016. 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 new and revised HKFRSs for the first time for the current year's financial statements.

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

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, and amendments to HKAS 27 (2011), which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

  (i) the materiality requirements in HKAS 1;

  (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

  (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

  (iv) the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit and loss.

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the assets. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) The *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

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 2016 and 2015, 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:

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sales of properties	**11,705,120**	10,460,796
Gross rental income	**136,636**	116,970
Property management fees	**165,335**	112,314
Land development income	**397,490**	–
Project management income	**76,102**	–
	12,480,683	10,690,080
Other income and gains		
Bank interest income	**38,821**	39,666
Foreign exchange gain, net	**75,382**	–
Forfeiture income on deposits received	**5,673**	13,145
Gain on disposal of items of property and equipment, net	**8,785**	495
Fair value gain of derivative financial instruments — transactions not qualifying as hedges	**139,821**	–
Gain on bargain purchase	**43,977**	–
Others	**29,013**	26,859
	341,472	80,165

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2016	2015
	RMB'000	*RMB'000*
Interest on bank and other borrowings, senior notes and domestic bonds	**1,159,771**	1,118,151
Increase in a discounted amount of provision for major overhauls arising from the passage of time	**1,460**	1,200
Total interest expense on financial liabilities not at fair value through profit or loss	**1,161,231**	1,119,351
Less: Interest capitalised	**(844,337)**	(850,310)
	316,894	269,041

7. PROFIT BEFORE TAX

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

	2016	2015
	RMB'000	*RMB'000*
Cost of properties sold	**8,912,734**	7,573,263
Cost of services provided	**442,090**	106,068
Depreciation	**24,678**	25,171
Amortisation of land lease payments	**21,595**	24,551
Amortisation of an intangible asset	**166**	167
Provision for major overhauls	**4,787**	4,582
Minimum lease payments under operating leases for land and buildings	**12,512**	5,497
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	**298**	265
Auditor's remuneration	**3,435**	3,245
Employee benefit expenses (including directors' remuneration):		
Salaries and other staff costs	**308,595**	229,814
Equity-settled share option expense	**2,833**	–
Pension scheme contributions	**30,249**	23,552
Less: Amount capitalised	**(35,259)**	(48,687)
	306,418	204,679
Premium paid on early redemption of senior notes	**129,454**	53,107
Write down to net realisable value of completed properties held for sale	**34,306**	–
Loss on disposal of investment properties	**55**	300
Gain on disposal of items of property and equipment, net	**(8,785)**	(495)
Exchange differences arising from retranslation of senior notes, net	**–**	27,918
Other foreign exchange (gains)/losses, net	**(75,382)**	53,756
Exchange (gains)/losses, net	**(75,382)**	81,674

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 (2015: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2016	2015
	RMB'000	*RMB'000*
Current charge for the year:		
PRC corporate income tax	**577,927**	589,551
PRC land appreciation tax	**447,462**	345,668
Overprovision in prior years, net:		
Mainland China	**(84,410)**	(79,855)
	940,979	855,364
Deferred	**112,355**	125,071
Total tax charge for the year	**1,053,334**	980,435

9. DIVIDENDS

	2016	2015
	RMB'000	*RMB'000*
Interim — Nil (2015: HK5 cents per ordinary share)	**–**	137,052
Proposed final — HK14 cents (2015: HK5 cents) per ordinary share	**429,439**	143,473
	429,439	280,525

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 3,423,840,000 (2015: 3,423,840,000) in issue during the year.

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 Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2015.

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.

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

	2016	2015
	RMB'000	*RMB'000*
Neither past due nor impaired	**176,520**	172,406
1 to 6 months past due	**3,305**	2,408
7 to 12 months past due	**946**	895
Over 1 year past due	**4,263**	1,695
	185,034	177,404

12. TRADE AND BILLS PAYABLES

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

	2016	2015
	RMB'000	*RMB'000*
Within 1 year	**2,540,470**	2,133,911
Over 1 year	**54,877**	371,899
	2,595,347	2,505,810

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2016, both the domestic and international situations were complicated. The global economy was still in the process of slow recovery, while the macroeconomic environment in China has been experiencing a cyclical slowdown. In the first half of the year, the People's Bank of China had extended the monetary easing policies, reduced the required reserve ratio and relaxed the loan policies. Regarding the real estate market, the Central Government adopted policies such as interest rate reduction, tax reduction and down payment reduction, which facilitated the strong growth of the real estate market in the first- and second-tier cities. However, the problem of high stocking in the third- and fourth-tier cities remained difficult to solve. In the second half of the year, in order to suppress the upsurge of the housing prices in the popular first- and second-tier cities and to rectify the chaotic situation in the market, the local governments had to implement the control policy of restrictions on property purchase and mortgage loans again, while preferential policies remained effective in the third- and fourth-tier cities to encourage destocking. In general, throughout 2016, the real estate market in China recorded active trading in the first- and second-tier popular cities, and structural imbalance with high level of stock in the third- and fourth-tier cities. Timely adjustments were needed in both situations.

From the perspective of the economic data of the real estate market, according to the "National Real Estate Development and Sales in 2016" (《2016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 1.573 billion square metres ("sq.m.") in 2016, representing an increase of 22.5% as compared with that of last year, of which the sales area of residential housing increased by 22.4% year-on-year. The sales amount of national commodity housing amounted to approximately RMB11,762.7 billion, representing a year-on-year increase of 34.8%, of which the sales amount of residential housing increased by 36.1% as compared with that of last year.

BUSINESS REVIEW

Contracted Sales

During the year, under the strategic guidance of "Focusing on first-tier cities and quality second-tier cities", the Group launched the project sales in the first- and second-tier cities comprehensively to achieve a leapfrog development in the business results. During the year of 2016, the Group (together with its joint ventures and associates) outperformed 51.8% of the annual sales target of RMB15.5 billion and achieved record-high contracted sales amount reaching RMB23.524 billion (including a contracted sales of approximately RMB7.744 billion from joint ventures and associates) and contracted sales area of approximately 1.66 million sq.m. (including a contracted sales area of approximately 328,000 sq.m. from joint ventures and associates) for the year, representing an increase of approximately 62.1% and 33.1% as compared with that of last year, respectively. The average selling price of properties was approximately RMB14,172 per sq.m. in the year, representing an increase of approximately 21.8% as compared with that of last year.

In 2016, the Group and its joint ventures had launched 11 new projects in the market, namely Polaris and Sunshine Mansion in Beijing, SCE Plaza Phase 2 and The Royal Bay in Shanghai, Sunshine City Phase 2 in Shenzhen, Marina Bay and City Twilight in Tianjin, The Royal Green in Hangzhou, Uptown in Nanchang and SCE Plaza and Sunshine Park Phase 2 in Quanzhou. With the support of the Group's strategic ideas, the contracted sales of Shanghai located in Yangtze River Delta Economic Zone had a substantial increase in its contribution, reaching 32.4%.

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	43,554	604	2.6
Shanghai	220,373	7,629	32.4
Shenzhen	50,642	1,667	7.2
Tianjin	114,025	2,068	8.8
Hangzhou	95,465	806	3.4
Xiamen	81,958	1,841	7.8
Nanchang	108,488	857	3.6
Quanzhou	475,491	3,560	15.1
Zhangzhou	218,480	2,047	8.7
Yanjiao	78,793	1,373	5.8
Linfen	90,418	581	2.5
Others	82,242	491	2.1
Total	1,659,929	23,524	100.0

From the perspective of distribution of contracted sales by city, the performance of Shanghai was remarkable among the first-tier cities with satisfactory sales performance in its on-sale projects. According to the "Ranking of Attributable Sales Amount of Real Estate Enterprises in Shanghai in 2016" (2016年度上海房企銷售權益金額排行榜) published by the research centre of China Real Estate Information Corporation, the Company ranked 12th. The Group also achieved outstanding performance in Tianjin, with contracted sales amounts of approximately RMB2.068 billion. In addition, benefited from spillover effects of the popular cities, the projects of the Group launched in the third- and fourth-tier cities achieved satisfactory results in terms of sales, in which, the contracted sales amount in Quanzhou, Zhangzhou and Yanjiao accounted for approximately 15.1%, 8.7% and 5.8%, respectively, of the contracted sales amount of the Group (together with its joint ventures and associates) during the year.

By Region

Region	**Contracted Sales Area** *(sq.m.)*	**Contracted Sales Amount** *(RMB Million)*	**Percentage of Contracted Sales Amount** *(%)*
Yangtze River Delta Economic Zone	315,838	8,435	35.8
West Taiwan Strait Economic Zone	922,580	8,525	36.2
Bohai Rim Economic Zone	370,869	4,897	20.8
Pearl River Delta Economic Zone	50,642	1,667	7.2
Total	1,659,929	23,524	100.0

From the perspective of distribution of contracted sales by region, Yangtze River Delta Economic Zone was almost at the same level with West Taiwan Strait Economic Zone and became a huge potential growth contributor of the Group (together with its joint ventures and associates) accounting for approximately 35.8% of the contracted sales. Bohai Rim Economic Zone achieved satisfactory results and contributed approximately 20.8% to contracted sales. The contracted sales amount of West Taiwan Strait Economic Zone increased by approximately 24.9% to over RMB8.5 billion as compared with that in 2015. Benefited from spillover effects of the market in Xiamen and flexible sales strategies, Quanzhou and Zhangzhou achieved remarkable contracted sales of approximately RMB3.560 billion and RMB2.047 billion respectively, representing a year-on-year increase of approximately 9.1% and 105.8% respectively.

By City Tier

City Tier	**Contracted Sales Area** *(sq.m.)*	**Contracted Sales Amount** *(RMB Million)*	**Percentage of Contracted Sales Amount** *(%)*
First-tier cities	314,569	9,900	42.2
Second-tier cities	399,936	5,572	23.6
Third- and fourth-tier cities	945,424	8,052	34.2
Total	1,659,929	23,524	100.0

From the perspective of contracted sales amount, it can be seen that the contracted sales amount from the first-tier cities recorded a significant increase as compared with that of last year and ranked first among different city tiers. It is expected that there will be further growth in the future. The aggregated contracted sales amount from the first- and second-tier cities amounted to approximately 65.8%. With new projects in the first- and second-tier cities being launched into the market on an on-going basis, the proportion of contracted sales of the Group in the first- and second-tier cities will continue to be enlarged.

Recognised Property Sales Income

In 2016, the Group recorded satisfactory results in recognising property sales income. The Group achieved the area of properties delivered of 1,392,504 sq.m. and recognised property sales income of approximately RMB11.705 billion, representing a year-on-year increase of approximately 3.4% and 11.9% respectively. The average selling price of properties was approximately RMB8,406 per sq.m. and 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	42,207	2,312	19.8
Shenzhen	33,410	400	3.4
Nanchang	218,986	1,600	13.7
Quanzhou	427,554	2,515	21.5
Zhangzhou	291,787	1,998	17.1
Longyan	59,007	320	2.7
Yanjiao	197,719	1,792	15.3
Linfen	62,832	366	3.1
Others	59,002	402	3.4
Total	1,392,504	11,705	100.0

By Region

Region	**Recognised Property Sales Area** *(sq.m.)*	**Recognised Property Sales Income** *(RMB Million)*	**Percentage of Recognised Property Sales Income** *(%)*
Yangtze River Delta Economic Zone	42,207	2,312	19.8
West Taiwan Strait Economic Zone	999,662	6,441	55.0
Bohai Rim Economic Zone	317,225	2,552	21.8
Pearl River Delta Economic Zone	33,410	400	3.4
Total	1,392,504	11,705	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	76,243	2,727	23.3
Second-tier cities	221,314	1,609	13.7
Third- and fourth-tier cities	1,094,947	7,369	63.0
Total	1,392,504	11,705	100.0

Project Development

In 2016, 8 projects of the Group in total officially commenced construction. All of which were located in the first- and second-tier cities. These projects included Polaris and Sunshine Mansion in Beijing, SCE Plaza Phase 2, Sky Horizon and The Royal Bay in Shanghai, Marina Bay in Tianjin, The Royal Green in Hangzhou and Uptown in Nanchang. The aggregate planned gross floor area ("**GFA**") of the properties newly commenced exceeded 1.05 million sq.m.. Each of the projects was carried out for construction in an orderly manner to ensure sufficient supply of stocks in the future.

As at 31 December 2016, the Group and its joint ventures had a total of 19 projects under construction with an aggregate planned GFA of approximately 2.24 million sq.m. and details of which are as follows:

Project Name	**City**	**Type of Property**	**Percentage of Interest Attributable to the Group** *(%)*	**Total Planned GFA** *(sq.m.)*	**Expected Year of Completion**
Polaris	Beijing	High-rise residential and SOHO apartments	100	45,174	2018
Sunshine Mansion	Beijing	Low-rise residential	100	63,600	2018
SCE Plaza (Phase 2)	Shanghai	SOHO apartments	50	42,255	2018
Marina Bay	Shanghai	High-rise residential and villas	100	130,781	2017
Sky Horizon	Shanghai	High-rise residential, 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
Sunshine City (Phase 2)	Shenzhen	High-rise residential and retail shops	82	72,754	2017
Marina Bay	Tianjin	Low-rise residential and villas	100	153,504	2018
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	133,529	2017/2018
Gold Coast (Phase 1) (Partial)	Quanzhou	High-rise residential and retail shops	45	72,572	2019
SCE Mall (Shishi) (Phase 2)	Quanzhou	High-rise residential, SOHO apartments and retail shops	60	142,978	2019
Sunshine Park (Phase 2)	Quanzhou	High-rise residential and retail shops	51	129,613	2017
Sapphire Residences	Quanzhou	High-rise residential and retail shops	100	163,885	2017
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				2,243,434	

Land Bank

Increasing land bank in a timely manner is an important and integral part of the development strategy of the Group, which is also the fundamental assurance for providing the Group with adequate stocks available for sale. In 2016, vigorous land markets were driven by the prosperous real estate market in China, leading to the frequent emergence of "Prime Land". In order to control the land cost, the Group would never acquire land with high premium without proper justification. Apart from the bidding of land in open tender, the Group will expand its land bank flexibly through acquisition. In 2016, the Group continued to acquire 9 projects in first-tier cities and quality second-tier cities located in Beijing, Shanghai, Tianjin, Nanjing, Hangzhou and Suzhou, respectively, with an aggregate above-ground GFA of approximately 1.68 million sq.m., at an aggregate land consideration of approximately RMB11.6 billion. The average land cost was approximately RMB7,166 per sq.m. Among which, Nanjing, Hangzhou and Suzhou were the cities where the Group entered into for the first time.

As at 31 December 2016, the Group and its joint ventures had a land bank with an aggregate planned GFA of approximately 9.10 million sq.m., of which, the aggregate planned GFA attributable to the Group was approximately 6.89 million sq.m.. As for geographic distribution, there was a significant change in the proportion of land banks located in different economic zones of the Group and its joint ventures, of which, the area of land bank located in the West Taiwan Strait Economic Zone, the Bohai Rim Economic Zone, the Yangtze River Delta Economic Zone and the Pearl River Delta Economic Zone accounted for approximately 41.1%, 37.1%, 20.0% and 1.8% of total land bank area of the Group and its joint ventures, respectively. In terms of land bank cost (excluding investment properties), the Group and its joint ventures increased their investment in first- and second-tier cities. The cost of land bank in first- and second-tier cities increased by approximately 49.5% as compared with that of last year. The cost of land bank located in first-tier cities, second-tier cities as well as third- and fourth-tier cities accounted for approximately 54.8%, 24.8% and 20.4% of total land bank cost of the Group and its joint ventures, respectively.

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 16.8% from approximately RMB10,690,080,000 in 2015 to approximately RMB12,480,683,000 in 2016, which was attributable to the increase in property sales income.

- *Sales of properties*

  Income from property sales increased by approximately 11.9% from approximately RMB10,460,796,000 in 2015 to approximately RMB11,705,120,000 in 2016. Delivered area increased by approximately 3.4% from 1,346,185 sq.m. in 2015 to 1,392,504 sq.m. in 2016. The average unit selling price increased from approximately RMB7,771 per sq.m. in 2015 to approximately RMB8,406 per sq.m. in 2016.

- *Rental income*

  Rental income increased by approximately 16.8% from approximately RMB116,970,000 in 2015 to approximately RMB136,636,000 in 2016, which was mainly attributable to the increase in contribution of rental income from shopping mall of World City in Beijing.

- *Property management fees*

  Property management fees increased significantly by approximately 47.2% from approximately RMB112,314,000 in 2015 to approximately RMB165,335,000 in 2016, which was mainly attributable to the increase in number and floor area of properties under management.

- *Land development income*

  During the year, the Group recognised land development income of approximately RMB397,490,000, which was attributable to pre-construction and preparation work provided for certain land parcels in Quanzhou.

- *Project management income*

  During the year, the Group recognised project management income of approximately RMB76,102,000, which was attributable to the project management service and other property related service provided to a joint venture.

Gross Profit

Gross profit increased by approximately 3.8% from approximately RMB3,010,582,000 in 2015 to approximately RMB3,125,693,000 in 2016. Gross profit margin decreased from approximately 28.2% in 2015 to approximately 25.0% in 2016. The decrease in gross profit margin was attributable to higher proportion of mid-end products with relatively lower gross profit margin delivered during the year.

Other Income and Gains

Other income and gains increased significantly by approximately 3.3 times from approximately RMB80,165,000 in 2015 to approximately RMB341,472,000 in 2016. The increase in other income and gains was mainly attributable to the inclusion of gain on bargain purchase and fair value gain of derivative financial instruments — transactions not qualifying as hedges of approximately RMB43,977,000 and RMB139,821,000, respectively, in 2016, while there was no such gain in 2015.

Changes in Fair Value of Investment Properties

The fair value gains of investment properties increased significantly by approximately 37.8% from approximately RMB398,022,000 in 2015 to approximately RMB548,382,000 in 2016. The changes in the fair value of investment properties during the year was mainly attributable to the addition of the office building of Skyline Tower in Shanghai and a building of SOHO apartments of Fortune Plaza • World City in Quanzhou.

Selling and Marketing Expenses

Selling and marketing expenses increased significantly by approximately 35.3% from approximately RMB300,828,000 in 2015 to approximately RMB407,116,000 in 2016. 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 by approximately 18.4% from approximately RMB398,479,000 in 2015 to approximately RMB471,771,000 in 2016. The increase in administrative expenses during the year was mainly attributable to the increase in administrative staff costs to cope with the needs for business expansion.

Finance Costs

Finance costs increased by approximately 17.8% from approximately RMB269,041,000 in 2015 to approximately RMB316,894,000 in 2016. Finance costs mainly represented partial borrowing costs which have not been capitalised as certain funds have not been used for project developments. Due to the increase in bank and other borrowings (including senior notes and domestic bonds), total interest expense increased by approximately 3.7% from approximately RMB1,119,351,000 in 2015 to approximately RMB1,161,231,000 in 2016. Although total interest expense increased, weighted average financing cost decreased to approximately 6.8%. Such decrease in weighted average financing cost was mainly due to the replacement of high-cost trust loans and senior notes with low-cost domestic bonds and a syndicated loan.

Share of Profits and Losses of Joint Ventures

Share of profits of joint ventures increased significantly by approximately 6.3 times from approximately RMB110,080,000 in 2015 to approximately RMB803,593,000 in 2016. The increase was mainly attributable to the delivery of a project of a joint venture and the fair value gains of its investment properties.

Income Tax Expense

Income tax expense for the year amounted to approximately RMB1,053,334,000, which was similar to that of last year of approximately RMB980,435,000. The percentage of income tax expense charged for the year as a percentage of revenue decreased from approximately 8.7% in 2015 to approximately 8.2% in 2016. The decrease was mainly due to higher proportion of mid-end products with relatively lower gross profit margin delivered during the year.

Profit for the Year

Profit for the year increased significantly by approximately 55.6% from approximately RMB1,568,544,000 in 2015 to approximately RMB2,440,451,000 in 2016. It was mainly attributable to the significant increase in the profit contribution from a joint venture.

Profit Attributable to Owners of the Parent

Profit attributable to owners of the parent increased significantly by approximately 125.6% from approximately RMB918,660,000 in 2015 to approximately RMB2,072,284,000 in 2016. Core profit attributable to owners of the parent increased significantly by approximately 80.0% to approximately RMB1,380,107,000 in 2016.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2016, the Group's cash and bank balances were denominated in different currencies as set out below:

	2016	2015
	RMB'000	*RMB'000*
Renminbi	**8,534,948**	5,881,050
Hong Kong dollars	**13,968**	78,199
US dollars	**53,842**	287,779
Total cash and bank balances	**8,602,758**	6,247,028

According to the relevant laws and regulations of the PRC, certain property development companies of the Group are required to place certain amounts of cash and bank deposits into designated bank accounts to provide guarantees for the development of the relevant properties. The Group also places certain deposits in banks in the PRC to secure certain bills issued from banks in the PRC. As at 31 December 2016, the amount of restricted cash and pledged deposits was approximately RMB1,128,823,000 (31 December 2015: approximately RMB989,957,000) and approximately RMB261,941,000 (31 December 2015: approximately RMB421,992,000), respectively.

Borrowings and Pledged Assets

The maturity of the borrowings of the Group as at 31 December 2016 is as follows:

	2016	2015
	RMB'000	*RMB'000*
Bank and other borrowings:		
Within one year or on demand	**3,427,434**	3,840,519
In the second year	**3,062,222**	1,641,515
In the third to fifth years, inclusive	**5,930,730**	980,770
	12,420,386	6,462,804
Senior notes and domestic bonds:		
In the second year	**–**	2,301,335
In the third to fifth years, inclusive	**5,857,969**	5,688,146
	5,857,969	7,989,481
Total borrowings	**18,278,355**	14,452,285

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

	2016	2015
	RMB'000	*RMB'000*
Bank and other borrowings:		
Renminbi	**9,403,960**	4,336,683
Hong Kong dollars	**113,025**	706,298
US dollars	**2,903,401**	1,419,823
	12,420,386	6,462,804
Senior notes and domestic bonds:		
Renminbi	**3,470,293**	3,463,811
US dollars	**2,387,676**	4,525,670
	5,857,969	7,989,481
Total borrowings	**18,278,355**	14,452,285

As at 31 December 2016, approximately RMB9,409,925,000 (31 December 2015: approximately RMB5,930,085,000) 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 RMB18,867,129,000 (31 December 2015: approximately RMB12,262,961,000), and capital stocks of certain subsidiaries. The senior notes of US$350 million at a coupon rate of 10.0% due 2020 issued in July 2015 (the "**2015 Senior Notes**") and approximately RMB2,733,292,000 (31 December 2015: approximately RMB532,719,000) of bank and other borrowings were guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

As at 31 December 2016, except for certain bank and other borrowings of approximately RMB5,175,000,000 (31 December 2015: approximately RMB1,725,770,000) bearing interest at fixed interest rate, all the Group's bank and other borrowings bear interest at floating interest rate. The 2015 Senior Notes, 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 2016, the net gearing ratio was 80.2% (31 December 2015: 70.7%).

Exchange Rate Fluctuation Exposures

The Group's business are located in the PRC and all of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB. The majority of the Group's assets and liabilities are denominated in RMB. As at 31 December 2016, except for certain bank deposits, bank and other borrowings and the 2015 Senior Notes which were denominated in foreign currencies, exchange rate changes of RMB against foreign currencies will not have material adverse effect on the results of operations of the Group.

During 2016, 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 2016, the Group had entered into capped forward cross currency swap contracts with an aggregate contract amount of US$650 million. Save as disclosed above, no other foreign currency hedging arrangement was made as at 31 December 2016. The Group will closely monitor its exposure to fluctuation in foreign currency exchange rates.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group provided financial guarantees to the banks in respect of the following items:

	2016	2015
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**11,845,901**	11,363,195

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

	2016	2015
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	**238,418**	228,818

Furthermore, as at 31 December 2016, the Group provided guarantee to a bank in connection with a loan amount of RMB731,000,000 (31 December 2015: RMB2,080,000,000) granted to a joint venture.

CAPITAL COMMITMENTS

As at 31 December 2016, the capital commitments of the Group are as follows:

	2016	2015
	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	**10,316,388**	7,902,863

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

	2016	2015
	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	**213,796**	365,210

OUTLOOK

Since the third quarter of 2016, with the split of levels of the real estate market, the Central Government implemented policies according to cities. On one hand, it implemented the policy of restrictions on property purchase and mortgage loans in popular cities. On the other hand, it implemented policies encouraging destocking of the third- and fourth-tier cities with a high level of stocks. At the Central Economic Work Conference in December 2016, the Central Government discussed the development orientation of the industry, monetary and credit policies, and destocking regarding the real estate market, with a clear emphasis on the residential nature of housing, in support of reasonable demand for credit lines, as well as the enhancement of the effective supply of land. A series of measures initiated by the Central Government aims to restrain the unreasonable housing demand and further cool down the overheated real estate market in popular cities, so as to resume a rational real estate market.

Under the guidance of the policies implemented by the Central Government and local governments, the Group anticipates that the magnitude of the increase in transaction volumes of the real estate market in popular cities may be narrowed in 2017, while the transaction prices are likely to remain at a high level. Third- and fourth-tier cities will be benefited from the encouraging policies and spillover effects of the popular cities, for which the pressure on integration is expected to be relieved. In the long run, the Group is still full of confidence in the prospects of the real estate market as our country is gradually promoting the new-type urbanisation development and the construction of the long-term mechanism of the real estate market.

From the strategic point of view, the Group is still in favour of the development of the real estate market in the first- and second-tier cities. We will adhere to the strategy of "Focusing on First-tier Cities and Quality Second-tier Cities" by exploring the development opportunities in these cities on an on-going basis. The Group is going to enter into two or three core cities each year in order to enhance the reputation of the Company in first-tier cities and quality second-tier cities. Meanwhile, the Group will continue to cooperate with other real estate developers to develop synergies and diversify investment risks.

Apart from engaging in property development, the Group also proactively participated in primary land development project for the purpose of storage of land parcels for industrial parks, and treated it as a strategic business. Going forward to 2017, the Group will accelerate the development pace of its primary land development project located in Quanzhou. The project occupies a site area of approximately 3.11 million sq.m., which is intended to be planned to be a livable coastal eco-town with industrial parks. The Group has successfully developed and acquired an area of approximately 670,000 sq.m. for the land parcel of the industrial parks. The Group believes that the project will become another profitable growth point for the Group.

In 2017, the Group will continue to promote the development progress of the projects steadily, so as to provide the Group with sufficient area available for sale. In 2017, the Group and its joint ventures expect to launch 11 projects for pre-sales. Most of them are located in first- and second-tier cities, including The Paramount and Jade Plaza in Beijing, Sky Horizon, The Glamour and The Paramount in Shanghai, Royal Palace and Garden Terrace in Tianjin, International Finance Centre Phase 2, Gold Coast Phase 3, Nan'an World City and SCE Mall (Shishi) Phase 2 in Quanzhou.

2017 marks the milestone of the Group's development. This year, the Group has relocated its headquarters to Shanghai for its business operations in response to the in-depth arrangement of the Yangtze River Delta strategic approach. The Company will continue to strengthen the control model of its headquarters and constantly deepen the organisational management reform so as to achieve significant breakthroughs in terms of strategies, processes and the establishment of human resources, while further optimise the operational management. The Group believes that with Shanghai as the base, the Group will achieve a greater leap in its development of the Group by gathering the advantages of the resources and talents in the first-tier city, focusing on fine operations and intensive regional development. The coming year is bound to be a year full of opportunities and challenges. The Group looks forward to working with all our employees together under the new environment so as to achieve outstanding results!

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**Annual General Meeting**") of the Company will be held on Friday, 12 May 2017. 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 HK14 cents per ordinary share for the year ended 31 December 2016. 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 Monday, 10 July 2017 to the shareholders whose names appear on the register of members of the Company on Tuesday, 20 June 2017.

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 Friday, 12 May 2017, the register of members of the Company will be closed from Tuesday, 9 May 2017 to Friday, 12 May 2017, 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 Monday, 8 May 2017; 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 Monday, 19 June 2017 to Tuesday, 20 June 2017, 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 Friday, 16 June 2017.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 6 January 2010 in compliance with Rule 3.21 of the Listing Rules. The Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman, Mr. Lu Hong Te and Mr. Dai Yiyi as members. Mr. Ting Leung Huel Stephen, the chairman of the Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the accounting policies adopted by the Group, the consolidated financial statements of the Group for the year ended 31 December 2016 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 2016.

CORPORATE GOVERNANCE

During the year ended 31 December 2016, 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 2016 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.

APPOINTMENT OF EXECUTIVE DIRECTOR

The Board is pleased to announce that Mr. Wong Lun ("**Mr. Wong**") has been appointed as an executive Director of the Company with effect from 1 March 2017.

Mr. Wong Lun (黃倫), aged 30, is the general manager of the Commercial Real Estate Department. He is responsible for the commercial real estate management of the Group. Since 20 February 2017, Mr. Wong was promoted to the assistant president of the Company and is responsible for the share of management of financial investment. Mr. Wong joined the Group in September 2010. Mr. Wong graduated from the School of Engineering of University of Warwick with a Bachelor's degree of Science in Engineering and Business Studies in 2010. Mr. Wong is the son of Mr. Wong Chiu Yeung, an executive Director and chairman of the Board. Mr. Wong has not at any time during the three years preceding the date of this announcement served nor is currently serving as a director of any other listed companies in Hong Kong or overseas.

Mr. Wong has entered into a service contract with the Company for a term of three years commencing from 1 March 2017. The service contract is renewable automatically upon the expiry of the then current term of appointment, subject to termination by either party giving not less than three months' written notice. Pursuant to the terms of the service contract, Mr. Wong is entitled to an annual remuneration of HK$1,440,000 which is subject to annual review and approval by the disinterested Board. Besides, upon completion of each year of services, he shall be entitled to a discretionary management bonus to be determined by the disinterested Board (or its committee) with reference to his performance and the performance of the Group during the relevant financial year. The emolument of Mr. Wong is determined by the Board with reference to his duties, responsibilities, performance and the results of the Group.

As at the date of the announcement, Mr. Wong does not have any interests in the shares, underlying shares or debentures of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Saved as disclosed above, Mr. Wong is not related to any other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, the Board is not aware of any other matter relating to the appointment of Mr. Wong that needs to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

The Board would like to welcome Mr. Wong for joining the Board.

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

Hong Kong, China, 27 February 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 and Mr. Huang Youquan; and the independent non-executive Directors are Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi.