

# 2019 December Newsletter

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## China SCE Group Holdings Limited

Stock Code: 1966.HK

Best 50 of China Real Estate Developers



China SCE Group Holdings Limited ("China SCE" or the "Company") was established in 1996 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in February 2010. The Group's major businesses include property development, commercial management, property management and rental apartments business. The Company is headquartered in Shanghai for its business operations, while implementing regional focused development strategy targeting the first- and second-tier cities in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Guangdong-Hong Kong-Macao Greater Bay Area, the West Taiwan Strait Economic Zone and Central Western Region.



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## Latest News

### Sales Overview

In December 2019, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB10.119 billion and a contracted sales area of 804,905 sq.m., representing a year-on-year increase of 110% and 99%, respectively. The average selling price for December 2019 was RMB12,571 per sq.m.

For the year ended 31 December 2019, the Group together with its joint ventures and associates achieved an accumulated contracted sales amount of approximately RMB80.501 billion and an accumulated contracted sales area of 6,324,700 sq.m., representing a year-on-year increase of 57% and 52%, respectively. The average selling price for the year ended 31 December 2019 was RMB12,728 per sq.m.

The Group together with its joint ventures and associates has achieved 115% of the full year contracted sales target of RMB70 billion.

### Land Bank

As at 31 December 2019, the Group together with its joint ventures and associates owned a land bank with an aggregate planned GFA of approximately 32.71 million sq.m.

For the year ended 31 December 2019, the Group has acquired 46 land parcels, adding a gross floor area of approximately 9.80 million sq.m.

*Details of newly acquired land parcels in December 2019 are as follows:*

City	Group's Equity Interest	Land-use Planning	Area of the Land Parcel (sq.m.)	Aggregate Planned GFA (sq.m.)	Average Land Cost (RMB/sq.m.)
Beijing	100%	Residential and Commercial	165,793	381,104	11,021
Suqian	30%	Residential and Commercial	187,536	378,840	2,762
Pingdingshan	100%	Residential and Commercial	130,254	390,761	1,164

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### ***Morgan Stanley Initiates Coverage on China SCE with an Overweight Rating and Target Price at HKD6.25 per Share***

Morgan Stanley initiates coverage on China SCE with an Overweight rating, and a 12-month target price at HKD6.25 per share. Morgan Stanley finds China SCE's valuation attractive with a 6.5% dividend yield.

Morgan Stanley likes China SCE for its sufficient and high-quality land bank supporting future growth, and estimates China SCE has 72% of its gross saleable resources in tier 1 and 2 cities. Morgan Stanley estimates gross saleable resources of China SCE is RMB345 billion, this should support about 4.9 years of sales based on China SCE's 2019 contracted sales target of RMB70 billion, higher than the industry average of 4.1 years. China SCE's contract sales growth accelerated from 2016, registering 52% CAGR for 2015-2018. With 11M19 contract sales of RMB70 billion, Morgan Stanley thinks China SCE should beat its full-year sales target of RMB70 billion, reaching 46% year-on-year growth in 2019. Morgan Stanley thinks China SCE will also beat its RMB100 billion sales target in 2020, +33% year-on-year, one of the highest growth rates among Morgan Stanley's coverage.

Morgan Stanley points out that this year China SCE has adopted a new strategy to acquire complex land parcels with a mixed use of commercial and residential, by leveraging its rental apartment business and investment property to realize lower land costs and synergies among different business segments. China SCE has already acquired some parcels under the new land acquisition strategy, and it also has more projects in the pipeline.

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