

# 2020 January 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.

## Latest News



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### Sales Overview

In January 2020, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB5.029 billion and a contracted sales area of 331,747 sq.m., representing a year-on-year increase of 8% and 9%, respectively. The average selling price for January 2020 was RMB15,160 per sq.m.

### Land Bank

As at 31 January 2020, the Group together with its joint ventures and associates owned a land bank with an aggregate planned GFA of approximately 33.03 million sq.m.

Details of newly acquired land parcel in January 2020 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.)
Zhangjiagang	100%	Residential and Commercial	124,922	324,797	2,304

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### *HSBC and Haitong International Recommended China SCE as Top Pick while Citi also Raised the Target Price*

On 7 January, **HSBC** recommended China SCE as preferred pick (rated Buy) and raised the 12-month target price to HKD5.70 (+14%) per share. HSBC believed China SCE is well on track to meet its longer-term target while the risk is to the upside. China SCE has a dual-track strategy, its diversified exposure across property segments enables the Company to bid for mixed-use land, which often commands a lower land cost versus pure residential land due to less competitions. HSBC anticipated the strong contracted sales growth momentum to be continued in 2020 while the Company's prudent management style and ability to deliver consistent results will gradually pay off.

On 9 January, **Haitong International** top-picked China SCE (rated Buy) and raised its 12-month target price to HKD6.62 (+10%) per share. Haitong International believed that China SCE is likely to have abundant saleable resources in 2020 and record good sales growth. China SCE has consistently delivered stronger sales than its peers' average, beating its sales targets for five consecutive years and demonstrated strong execution capacity. Haitong International pointed out that China SCE is able to maintain a good balance between growth and financial health as its financial health is one of the best among mid-cap developers.

On 2 January, **Citi** affirmed China SCE's Buy rating with a new 12-month target price of HKD5.50 (+10%) per share. Citi believed that China SCE is moving into a new stage of earnings harvest in 2H2019-2021E on outpaced sales growth in 2018-2021E (55% CAGR). China SCE is on track for Rmb100bn+ sales in 2020E, with sector-high growth in 2019E/2020E after a broadened footprint in 37 cities with active landbanking and effective incentives. Besides, China SCE's efforts in asset-light model for investment properties and serviced apartments are shaping into a landbanking edge to cushion rising land costs.

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### ***Successfully Issued Additional USD150 Million 7.375% Senior Notes***

On 7 January 2020, China SCE and the subsidiary guarantors entered into a purchase agreement with HSBC and UBS in connection with the additional issue of senior notes in the aggregate principal amount of USD150 million, to be consolidated and form a single series with the USD350 million 7.375% senior notes due 2024 issued on 9 April 2019. China SCE intends to use the net proceeds mainly for refinancing certain of its existing offshore indebtedness.

### ***China SCE Donated RMB10 Million to Fight Coronavirus Epidemic***

The Group has donated a total amount of RMB10 million to assist the fight against Coronavirus Epidemic in China, and has also allowed a 36-day rental relief to all of our tenants at our shopping malls, to overcome the crisis together.

To ensure the Group's daily operations, every department will be separated into at least two teams and will work in different offices to reduce the risk of the Coronavirus' spread. IT Department has also set up web-cast-meeting facilities to minimise unnecessary interactions among colleagues.

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