

2020 October Newsletter

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 key focused strategy in the Yangtze River Delta Economic Zone, the Guangdong-Hong Kong-Macao Greater Bay Area, the Bohai Rim Economic Zone, the West Taiwan Strait Economic Zone and Central Western Region.

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Latest News



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Scan the QR code in WeChat or search "中骏集团投资者关系小程序" (China SCE Investor Relations Mini Program) on WeChat bulletin board for the Group's latest development

Sales Overview

In October 2020, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB11.126 billion and a contracted sales area of 731,780 sq.m., representing a year-on-year increase of 82% and 30%, respectively. The average selling price for October 2020 was RMB15,204 per sq.m.

For the ten months ended 31 October 2020, the Group together with its joint ventures and associates achieved an accumulated contracted sales amount of approximately RMB80.156 billion and an accumulated contracted sales area of 5,440,264 sq.m., representing a year-on-year increase of 32% and 10%, respectively. The average selling price for the ten months ended 31 October 2020 was RMB14,734 per sq.m.

Land Bank

As at 31 October 2020, the Group together with its joint ventures and associates owned a land bank with an aggregate planned GFA of approximately 38.12 million sq.m.

Details of newly acquired land parcels in October 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.)
Weihai	100%	Residential	66,343	188,490	1,845
Nantong	100%	Residential and Commercial	106,254	265,635	3,464
Xuzhou	60%	Residential and Commercial	90,417	222,105	2,822
Shangrao	100%	Residential and Commercial	147,422	413,633	1,493
Meizhou	100%	Residential and Commercial	219,126	603,766	2,297

Disclaimer:

This newsletter contains unaudited financial data and is intended solely for personal reference.

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Latest News

Successfully Issued USD500 Million 7% Senior Notes, and Announced the Redemption of USD500 Million 8.75% Senior Notes

On 21 October 2020, China SCE and the subsidiary guarantors entered into a purchase agreement with UBS, BofA Securities, China CITIC Bank International, Deutsche Bank and HSBC in connection with the issue of senior notes in the aggregate principal amount of USD500 million, which will mature on 2 May 2025. The total amount of the issued senior notes subscription exceeded USD2.3 billion, reflecting the investors' support and confidence in the Company. China SCE intends to use the net proceeds mainly for refinancing certain of its existing offshore indebtedness, which will become due within one year.

On 23 October 2020, China SCE has informed the trustee and holders that all outstanding USD500 million 8.75% senior notes which will mature on 15 January 2021, will be redeemed in full on 22 November 2020 at a redemption price equal to 100.00% of the principal amount thereof, plus the applicable premium as of, and accrued and unpaid interest to (but not including) the redemption date.

The refinance activities optimize the debt maturity profile and lower the finance cost of the Group.

Guotai Juan International Initiates Coverage on China SCE with a Buy Rating and Target Price at HKD5.60 per Share

Guotai Juan International estimates China SCE has accumulated an ample land bank GFA of 33.03 million sq.m., which should support its solid contracted sales growth rate. Guotai Juan International expects the Group to solidify its edge in land acquisitions through commercial complexes and secure attractive land costs, and expects upside surprise likely from commercial sector. Guotai Juan International believes that China SCE's property management business is progressing well, and the potential spin-off should be a positive share-price catalyst given better valuation of the business, in their view.

Thus, Guotai Juan International initiates coverage on China SCE with a Buy rating, and a 6-12month target price at HKD5.60 per share.

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Deutsche Bank Reinstates Coverage on China SCE with a Buy Rating and Target Price at HKD5.50 per Share

Deutsche Bank says China SCE has successfully expanded its scale and geographical exposure, and achieved high contracted sales growth during FY2016-2019. Given the development cycle, Deutsche Bank estimates China SCE is on the verge of ramping up deliveries and revenue recognition from FY2020 onwards. Deutsche Bank comments China SCE is building up the IP development pipeline (shopping malls and rental apartments) via strategically taking integrated property projects, and believes the business diversification yields decent returns, while competition for integrated property projects is usually less fierce and land costs are lower than pure residential sites.

Thus, Deutsche Bank reinstates coverage on China SCE with a Buy rating, and a 12-month forward target price at HKD5.50 per share.



Investor Relations Contact

China SCE Group Holdings Limited

Ms. Doreen Chiu – Director of Investor Relations/
Ms. Echo Zou – Investor Relations Manager

Tel (HK) : 852-2622 2049

Tel (SH) : 86-21-5263 6826

Fax : 852-2342 6643

Email : ir@sce-re.com

Mr. Paul Li – Financial Controller & Company Secretary

Tel : 852-2191 3960

Fax : 852-2342 6643

Email : paulli@sce-re.com

LBS Communications Consulting Limited

Pauline Fu

Tel : 852-3752 2674

Email : sceir@lbs-comm.com

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