

2019 January 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, property investment and property management. 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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Sales Overview

In January 2019, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB4.66 billion and a contracted sales area of 303,343 sq.m., representing a year-on-year increase of 13% and a decrease of 7%, respectively. The average selling price for January 2019 was RMB15,363 per sq.m.

Land Bank

As at 31 January 2019, the Group together with its joint ventures and associates owned a land bank with an aggregate planned GFA of approximately 24.16 million sq.m.

Details of newly acquired land parcels in January 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.)
Tianjin	100%	Residential	47,141	70,712	10,352
Jinan	100%	Residential and Commercial	57,789	132,915	3,566
Xuzhou	100%	Residential and Commercial	79,266	198,165	2,400
Xuzhou	100%	Residential and Commercial	130,508	326,270	2,400
Zhangzhou	100%	Residential and Commercial	27,023	70,260	5,038



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Successfully Issued 2-year Senior Notes

8 January 2019, the Company and the subsidiary guarantors entered into a purchase agreement with HSBC, UBS, China CITIC Bank International, Guotai Junan International and Haitong International in connection with the issue of the senior notes in the aggregate principal amount of US\$500,000,000. The senior notes will expire in 2021 with a coupon rate of 8.75%. The net proceeds of the senior notes issued will be used by the Company to mainly refinance certain of its existing offshore indebtedness.

The total amount of the issued senior notes subscription exceeded US\$3.1 billion, reflecting the investors' support and confidence in the Company. China SCE hence increased the original US\$300 million issuance to US\$500 million.

Guotai Junan Initiates Coverage on China SCE with a BUY Rating

On January 17, 2019, Guotai Junan initiates coverage on China SCE with a BUY rating. Guotai Junan believes that China SCE focuses on the core first- and second-tier cities, with stable financials. In 2018, the Group replenished high-quality land parcels with high gross profit margin against the prevailing trend. The rich land bank will continue to support the development pace of China SCE.

Guotai Junan also pointed out that the contracted sales of China SCE in 2018 increased by 54% year-on-year, and the growth rate far exceeded the industry average, locking in the results of the next two to three years. In 2018, the Group replenished high-quality land banks against the prevailing trend. The hidden gross profit margin of the supplementary land bank in the first half of the year should be high, which will continue to improve the future settlement profit margins of the Group. The land bank of China SCE is mainly distributed in the first- and second-tier cities (accounting for 81.4%), which suffices the development of the Group in the next three to four years. In addition, China SCE uses various overseas financing channels to continuously reduce financing costs. Stable financial performance will help the Group continue to seize the opportunities for scale expansion and business layout.

Guotai Junan believes that from "China SCE Property Holdings" to "China SCE Group Holdings", it determinates China SCE in adopting diversified business development strategy, which will continue to strengthen their product premium and risk resistance capabilities in the future.

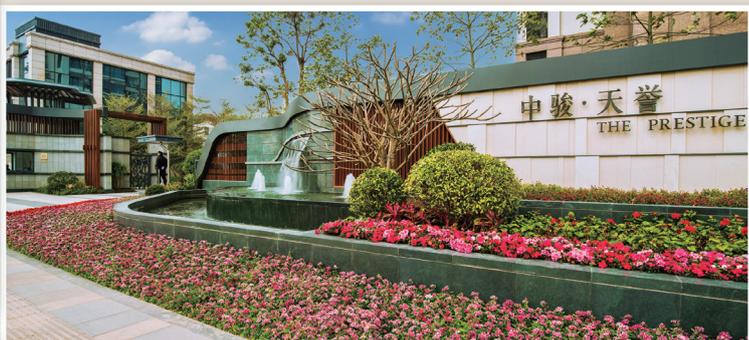
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