

2019 June 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 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 June 2019, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB10.215 billion and a contracted sales area of 831,742 sq.m., representing a year-on-year increase of 193% and 227% respectively. The average selling price for June 2019 was RMB12,282 per sq.m.

For the six months ended 30 June 2019, the Group together with its joint ventures and associates achieved an accumulated contracted sales amount of approximately RMB37.028 billion and an accumulated contracted sales area of 2,966,690 sq.m., representing a year-on-year increase of 78% and 80%, respectively. The average selling price for the six months ended 30 June 2019 was RMB12,481 per sq.m.

Land Bank

As at 30 June 2019, the Group together with its joint ventures and associates owned a land bank with an aggregate planned GFA of approximately 28.59 million sq.m.

Details of newly acquired land parcels in June 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	50%	Residential	34,523	51,784	5,067
Tianjin	50%	Residential	49,496	73,822	10,430
Jiaxing	50%	Residential and Commercial	48,625	121,563	2,900
Yiwu	24%	Residential and Commercial	72,268	198,736	8,101
Putian	100%	Residential and Commercial	70,000	224,000	2,259
Shanwei	100%	Residential and Commercial	91,793	348,287	1,329
Chongqing	51%	Residential	109,540	164,310	5,508
Luoyang	80%	Residential	52,096	104,192	900

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53% of Full Year Sales Target Achieved, Acquired 27 Land Parcels

The Group achieved 53% of its RMB70 billion sales target for 2019 in the first half. Contracted sales in June reached a record-high level.

For the six months ended 30 June 2019, the Group acquired 27 land parcels in 19 cities, adding a gross floor area of approximately 5.27 million square metres.

Deutsche Bank Reaffirmed China SCE as Top Pick

On 28 June 2019, Deutsche Bank ("DB") comments China SCE's June sales will likely reach record-high level, boosting its sales growth to over 80% in 1H, the highest among peers. Backed by total saleable resources of RMB140 billion and strong sales momentum, full-year sales are likely to beat DB's sales forecast of RMB80 billion. With its quality land banking in 5M19 offering around 30% gross margins, of which about 80% in T1/2 cities, DB believes China SCE should sustain strong growth to exceed RMB110 billion in sales next year. DB expects China SCE to report decent full-year results and earnings growth will accelerate in 2020 on the back of strong sales. Moreover, DB sees potential upside to 35% earnings CAGR and 7-13% dividend yield forecasts in 2019-2021. Therefore, DB reaffirms China SCE as top pick among small caps with a target price of HKD5.60 per share.

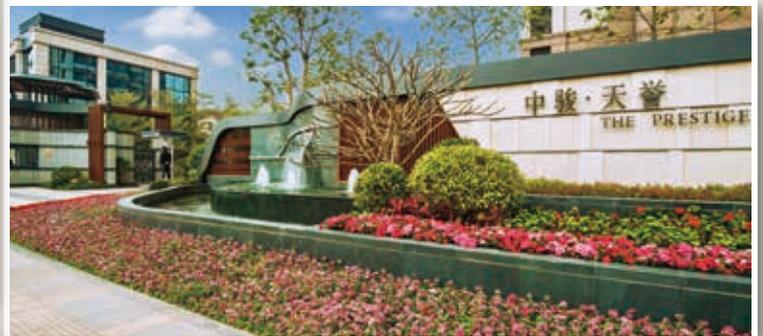
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