

2017 November Newsletter

China SCE Property Holdings Limited

HKEx Stock Code:1966.HK Best 50 of China Real Estate Developers



China SCE Property 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 investment holding, 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 Pearl River Delta Economic Zone and the West Taiwan Strait Economic Zone.



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Latest News

Sales Overview

In November 2017, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB3.056 billion and a contracted sales area of 179,889 sq.m., representing a year-on-year increase of 68% and 27% respectively. The average selling price for November 2017 was RMB16,987 per sq.m.

The Group together with its joint ventures and associates achieved an accumulated contracted sales amount of approximately RMB28.544 billion and an accumulated contracted sales area of 1,558,103 sq.m. for the 11 months ended 30 November 2017, representing a year-on-year increase of 44% and 12% respectively. So far, the Group together with its joint ventures and associates have in advance achieved the sales target of RMB28 billion. The average selling price for the 11 months ended 30 November 2017 was RMB18,320 per sq.m.

Land Bank

As at 30 November 2017, the Group together with its joint ventures and associates owned a land bank with an aggregate planned GFA of approximately 13.97 million sq.m.

Haitong International Initiated Coverage on China SCE with a Buy Rating

On 7 November 2017, Haitong International initiated coverage on China SCE with a Buy rating at a target price of HK\$5.24, representing a 40% discount to the net asset value of HK\$8.73 estimated by Haitong International.

Haitong International believed that China SCE's trading liquidity has continued to improve this year and its stock deserves more investor attention in the future. The aggressive land acquisitions will bring China SCE promising full-year contract sales in 2018. Besides, Haitong International believed that China SCE has a higher-than-sector asset turnover ratio, good cost control and sound financial health with forecast revenue at a CAGR of 31% over 2017 to 2019, outpacing the sector average CAGR of 24%. Core net profit is expected to grow at a CAGR of 36% over 2017 to 2019, outpacing the sector average of 28%.

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Deutsche Bank Raised China SCE's Target Price and Maintains Buy Rating

On 9 November 2017, Deutsche Bank raised China SCE's target price to HK\$4.57 after factoring in the Group's stronger sales in 2017 and 2018, gross margin expansion to over 30%, active land acquisitions, and latest dilution from the share placement.

Deutsche Bank believed that China SCE will remain good contract sales in November and December 2017 and further accelerate its sales growth in 2018 to reach RMB43.1 billion, given its rich saleable resources. The current valuation is based on 4.5 times of 2018 PE ratio with a 58% discount to the forecast net asset value.

Deutsche Bank also estimated that China SCE's net profit will grow at a CAGR of 30% over 2017 to 2019, with forecast dividend yield of 5% to 8%. Mr. Wong Chiu Yeung, Chairman of China SCE, has continued to raise his shareholdings in the open market, which will support the Group's share price.

Chairman of Board of Directors Increased Shareholding

Mr. Wong Chiu Yeung, Chairman of Board of Directors of the Company, has made several acquisitions of shares with an aggregate of 15,300,000 shares in November 2017. The acquisitions represent Chairman's strong confidence in China SCE's development prospect. Subsequent to the acquisitions of shares, Mr. Wong Chiu Yeung holds 1,999,000,000 shares of the Company in total, representing approximately 52.28% of the total issued share capital of the Company.

Successful Bid for a Commercial and Residential Land Parcel in Zhangzhou

On 22 November 2017, the Group made a successful bid for a premium commercial and residential land parcel in Zhangzhou at a consideration of approximately RMB116 million. The land parcel is located in the north of central Chang Tai County in Zhongzhou. It takes about a 16-minute drive from Zhangzhou East Station and a "one-hour transport circle" to Xiamen which gives a convenient transportation access to a large population. The project occupies a site area of 14,500 sq.m. with an above-ground buildable area of approximately 38,000 sq.m.

Royal Terrace in Huizhou Obtains Construction Permit

Royal Terrace in Huizhou has obtained its construction permit on 2 November 2017, marking the official commencement of its construction.

The project is located in southeast of Huicheng District, Huizhou City with convenient transportation access and abundant in education resources. It is just a 10-minute drive from the city centre and a convenient 40-minute drive directly from Shenzhen. The project occupies a site area of 41,000 sq.m. with an aggregate planned GFA of approximately 122,000 sq.m. It will comprise three high-rise residential buildings, 12 low-rise residential buildings and retail shops.

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Parkview Bay in Jinan Obtains Construction Permit

Parkview Bay in Jinan has obtained its construction permit on 5 November 2017, marking the official commencement of its construction.

The project is situated on the riverside of Xiuyuan River in Jinan, adjacent to the new campus of Shandong University in Zhang Qiu. Two planned metro lines will directly link it to Zhang Qiu. The land parcel has an area of approximately 206,000 sq.m., and an aggregate planned GFA of approximately 394,000 sq.m. It will comprise 18 high-rise residential buildings, 17 low-rise residential buildings, 37 villas and retail shops.

Sunshine City in Zhenjiang Obtains Construction Permit

On 17 November 2017, Sunshine City in Zhenjiang has obtained its construction permit, marking the official commencement of its construction.

The project is located in the Jurong Economic Development Zone in Zhenjiang with transportation convenience. It is only a 40-minute drive to Nanjing South Railway Station and three kilometers from the Ning-Ju Rail Line (S6 Line) which will commence operation in late 2020. It occupies an area of around 55,000 sq.m. The project will comprise eight high-rise buildings, nine low-rise residential buildings and retail shops with an aggregate planned GFA of approximately 174,000 sq.m.

Launch of Garden Terrace in Quanzhou

On 10 November 2017, Garden Terrace in Quanzhou was launched for sale officially. First batch of 636 high-rise residential units were offered to the market and nearly 90% of them were subscribed on the debut day, generating a subscription amount of approximately RMB853 million.

Located in Qingyang District of Jinjiang City in Quanzhou, Garden Terrace is to be developed into the CBD of Jinjiang City, Fujian Province. The land parcel occupies an area of approximately 26,000 sq.m. The project will comprise six high-rise residential buildings with an aggregate planned GFA of approximately 92,000 sq.m.

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Project Development Information

Projects Under Development (As at 30 November 2017)

Project Name	City	Type of Property	Group's Equity Interest (%)	Total Planned GFA (sq.m.)
Polaris	Beijing	High-rise residential and SOHO apartments	100	45,174
Sunshine Mansion	Beijing	Low-rise residential	100	63,600
The Paramount	Beijing	High-rise residential, low-rise residential, villas and retail shops	100	201,175
SCE Plaza (Phase 2)	Shanghai	SOHO apartments	56	42,255
Sky Horizon	Shanghai	High-rise residential, low-rise residential, LOFT apartments and retail shops	100	47,325
The Royal Bay	Shanghai	Villas and retail shops	100	108,124
The Glamour	Shanghai	High-rise residential and low-rise residential	100	19,797
Marina Bay	Tianjin	Low-rise residential and villas	100	153,504
Royal Palace	Tianjin	High-rise residential, low-rise residential and villas	100	187,055
Garden Terrace	Tianjin	High-rise residential and low-rise residential	51	287,664
6 Park Square	Nanjing	SOHO apartments and LOFT apartments	64	359,880
The Royal Green	Hangzhou	High-rise residential and retail shops	100	181,525
Parkview Bay	Jinan	High-rise residential, low-rise residential, villas and retail shops	51	394,363
Uptown	Nanchang	High-rise residential, SOHO apartments, LOFT apartments and retail shops	100	214,680
SCE Plaza	Quanzhou	SOHO apartments, office and retail shops	100	63,332
Gold Coast (Phase 1) (Partial)	Quanzhou	High-rise residential and retail shops	45	72,572
Parkview Bay	Quanzhou	High-rise residential, SOHO apartments and retail shops	60	142,313
The Paramount	Quanzhou	High-rise residential and SOHO apartments	100	147,491
Royal Bay	Quanzhou	High-rise residential and retail shops	80	174,083
Garden Terrace	Quanzhou	High-rise residential and retail shops	70	92,203
Sunshine City	Zhenjiang	High-rise residential, low-rise residential and retail shops	100	174,395

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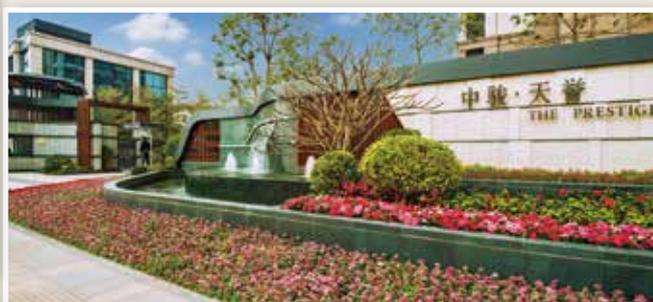
Project Name	City	Type of Property	Group's Equity Interest (%)	Total Planned GFA (sq.m.)
Royal Terrace	Huizhou	High-rise residential, low-rise residential and retail shops	100	121,583
Sapphire Boomtown (Phase 3) (Partial)	Zhangzhou	High-rise residential	100	26,038
Sunshine City(Phase 3)	Zhangzhou	High-rise residential and retail shops	75	160,137
Sunshine City	Zhangzhou	High-rise residential, low-rise residential and retail shops	90	115,618
Sunshine City (Phase 2)	Yanjiao	High-rise residential and retail shops	100	181,957
SCE International Community (Phase 4)	Linfen	High-rise residential and retail shops	70	173,003
Total				3,950,846

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Stock Information (As at 30 November 2017)

Price per Share (Closing)	52-week Range	Market Capitalisation	Total Number of Shares
HK\$3.41	HK\$2.28 - HK\$4.59	HK\$13.039 billion	3.82384 billion shares



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