

**CHINA SCE PROPERTY HOLDINGS LTD:
THIS COMPANY IS NOT TARGET'S CUP OF TEA**

The Debt Level Is Frighteningly High

The indebtedness of China SCE Property Holdings Ltd () (Code: 1966, Main Board, The Stock Exchange of Hongkong Ltd), as at September 30, 2009, was the highest of record.

Further, the buildup of debt over the 45-month, track-record period, has been extraordinarily quick, rising from about 656.50 million renminbi, as at December 31, 2006, to about 1.80 billion renminbi, as at September 30, 2009.

This is an increase of about 174 percent, during the track-record period.

In addition, the debt load of this Company, as at September 30, 2009, was equal to about 5.43 times the 331,179,000-renminbi Turnover of the 2008 Financial Year, ended December 31.

Whether or not this is something that should worry prospective shareholders of this Company, which only issued its Global Offering Prospectus on Monday, January 25, 2010, is for them to determine.

The details of the debts of China SCE Property Holdings Ltd are given in some detail at Page 261 of the Global Offering Prospectus, which is hereby reproduced:

	<u>As of December 31</u>		<u>'As of September 30</u>	
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Current				
— Bank loans - secured.....	26,000	40,000	793,500	444,000
— Current portion of long term bank loans - secured	74,000	7,612	15,318	13,448
— Loan from companies controlled by the Founder	=	=	<u>200,607</u>	<u>56,203</u>
	<u>100,000</u>	<u>47,612</u>	<u>1,009,425</u>	<u>513,651</u>
Non-current				
— Bank loans - secured.....	536,500	675,125	344,493	1,284,293
— Bank loans - unsecured.....	<u>20,000</u>	=	=	=
	<u>556,500</u>	<u>675,125</u>	<u>344,493</u>	<u>1,284,293</u>
Total	<u>656,500</u>	<u>722,737</u>	<u>1,353,918</u>	<u>1,797,944</u>

It is noted by **TARGET** () that, in the 2008-Year and for the 9 months to September 30, 2009, companies, controlled by the Founder of China SCE Property Holdings Ltd, had to cough up with some cash – about 200.61 million renminbi in respect of the 2008-Year and about 56.20 million renminbi in respect of the 9 months to September 30, 2009.

At Page 263 of the Global Offering Prospectus, it is stated that Mr Wong Chiu Yeung (), one of the Founders of the Company, along with Mr Chen Yuan Lai (), another of the Founders, were forced to provide guarantees in respect of bank loans, afforded to China SCE Property Holdings Ltd.

The guarantees, with regard to the track-record period, were:

- 282.50 million renminbi in respect of the 2006-Year;
- 237.50 million renminbi in respect of the 2007-Year;
- 226.30 million renminbi in respect of the 2008-Year; and,
- 17.80 million renminbi in respect of the 9 months to September 30, 2009.

Upon the listing of China SCE Property Holdings Ltd on The Stock Exchange of Hongkong Ltd, the guarantees were released.

The Flotation

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