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CHINA SCE GROUP HOLDINGS LIMITED

中駿集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1966)

**ISSUANCE OF US\$500,000,000 7%
SENIOR NOTES DUE 2025**

The Board is pleased to announce that on 21 October 2020, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with UBS, BofA Securities, China CITIC Bank International, Deutsche Bank and HSBC in connection with the issue of the Notes in the aggregate principal amount of US\$500,000,000.

The Company currently intends to use the net proceeds of the Notes mainly for refinancing certain of its existing offshore indebtedness, which will become due within one year.

The Company will seek a listing of the Notes on the Stock Exchange. A listing eligibility approval has been received from the Stock Exchange for the listing of the Notes on the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

MiFID II professionals/ECPs-only/No PRIIPs KID — Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail investors in EEA or UK.

THE PURCHASE AGREEMENT

Date: 21 October 2020

Parties to the Purchase Agreement:

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors; and
- (c) UBS, BofA Securities, China CITIC Bank International, Deutsche Bank and HSBC as the initial purchasers.

UBS, BofA Securities, China CITIC Bank International, Deutsche Bank and HSBC are the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of UBS, BofA Securities, China CITIC Bank International, Deutsche Bank and HSBC is an independent third party and not a connected person of the Company.

The Notes and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act or any state securities laws. The Notes are being offered and sold only outside the United States in offshore transactions in reliance upon Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong.

Principal terms of the Notes

Notes Offered

Subject to closing conditions, the Company will issue the Notes in the aggregate principal amount of US\$500,000,000 which will mature on 2 May 2025, unless earlier redeemed or repurchased pursuant to the terms thereof.

Offer Price

The offer price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 7% per annum, payable semi-annually in arrears on 2 May and 2 November of each year, commencing 2 May 2021.

Ranking of the Notes

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis subject to certain limitations; (5) effectively subordinated to the other secured obligations, if any (other than permitted pari passu secured indebtedness) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the Notes.

In addition, on the original issue date, subject to certain limitations, the Notes will be entitled to the benefit of a lien on the collateral (subject to any permitted liens) shared on a pari passu basis with the holders of existing pari passu secured indebtedness and any holders of permitted pari passu secured indebtedness; and rank effectively senior in right of payment to unsecured obligations of the Company and the Subsidiary Guarantor Pledgors with respect to the value of the collateral pledged by the Company and the Subsidiary Guarantor Pledgors securing the Notes (subject to any priority rights of such unsecured obligations pursuant to applicable law).

Events of Default

The events of default under the Notes include, among others:

- (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 days;
- (c) default in the performance or breach of certain covenants described in the Indenture, the failure by the Company to make or consummate an offer to purchase in a change of control or asset sale event as described in the Indenture, or the failure by the Company to create or cause its restricted subsidiaries to create a lien on the collateral (subject to any permitted liens);
- (d) the Company or any restricted subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the holders of 25.0% or more in aggregate principal amount of the Notes;
- (e) there occurs with respect to any indebtedness of the Company or any restricted subsidiary, having an outstanding principal amount of US\$20.0 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness now exists or shall hereafter be created, (i) an event

of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (ii) the failure to make a principal payment when due and payable;

- (f) one or more final judgments or orders for the payment of money are rendered against the Company or any of its restricted subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$20.0 million (or the dollar equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (g) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary (or any group of restricted subsidiaries that together would constitute a Significant Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary (or any group of restricted subsidiaries that together would constitute a Significant Subsidiary) or for any substantial part of the property and assets of the Company or any Significant Subsidiary (or any group of restricted subsidiaries that together would constitute a Significant Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary (or any group of restricted subsidiaries that together would constitute a Significant Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (h) the Company or any Significant Subsidiary (or any group of restricted subsidiaries that together would constitute a Significant Subsidiary) (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) subject to certain exceptions, consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary (or any group of restricted subsidiaries that together would constitute a Significant Subsidiary) or for all or substantially all of the property and assets of the Company or any Significant Subsidiary (or any group of restricted subsidiaries that together would constitute a Significant Subsidiary) or (iii) effects any general assignment for the benefit of creditors;
- (i) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be) or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect;

- (j) any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security documents, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral or which adversely affects the condition or value of the collateral, taken as a whole, in any material respect; or
- (k) the Company or any Subsidiary Guarantor Pledgor denies or disaffirms its obligations under any security documents under the Indenture or, other than in accordance with the Indenture and the security documents, any security document ceases to be or is not in full force and effect or Deutsche Bank Trust Company Americas (in the capacity of shared security trustee) ceases to have a security interest in the collateral (subject to any permitted liens and pari passu sharing).

If an event of default (other than an event of default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the holders of the Notes of at least 25.0% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the holders of the Notes), may, and the Trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an event of default specified in clause (g) or (h) above occurs with respect to the Company or any Significant Subsidiary (or any group of restricted subsidiaries that together would constitute a Significant Subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of the Notes.

Covenants

The Notes, the Indenture, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will limit the Company's ability and the ability of its restricted subsidiaries to, among other things:

- (a) incur additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of the related restricted subsidiaries;
- (e) guarantee indebtedness of the Company or any Subsidiary Guarantor;
- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict the ability of the restricted related subsidiaries to pay dividends, transfer assets or make intercompany loans;

- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

Optional Redemption

The Notes may be redeemed in the following circumstances:

At any time and from time to time on or after 2 May 2023, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on 2 May, of each of the years indicated below.

Period	Redemption Price
2023	103.5%
2024	101%

At any time prior to 2 May 2023, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100.0% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 2 May 2023, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

Proposed use of proceeds

The net proceeds of the Notes Issue will be used by the Company mainly for refinancing certain of its existing offshore indebtedness, which will become due within one year. The Company may adjust its plans in response to changing market conditions and, thus, reallocate the use of the net proceeds.

Listing and rating

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility of the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

MiFID II professionals/ECPs-only/No PRIIPs KID — Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail investors in EEA or UK.

The Notes are expected to be assigned a rating of “B2” by Moody’s Investors Service, Inc. The credit ratings accorded to the Notes are not a recommendation to purchase, hold or sell the Notes in as much as such ratings do not comment as to market price or suitability for a particular investor.

As the conditions precedent to completion of the Purchase Agreement may or may not be satisfied and the Purchase Agreement may be terminated upon the occurrence of certain events, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“BofA Securities”	Merrill Lynch (Asia Pacific) Limited
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“China CITIC Bank International”	China CITIC Bank International Limited
“Company”	China SCE Group Holdings Limited (中駿集團控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited

“Indenture”	the agreement between the Company, the Subsidiary Guarantors and the Trustee that specify the terms of the Notes including the interest rate of the Notes and maturity date
“JV Subsidiary Guarantees”	limited recourse guarantees provided by the JV Subsidiary Guarantors under certain circumstances to secure the Company’s obligations under the Indenture and the Notes
“JV Subsidiary Guarantors”	Subsidiary Guarantors that in the future provide JV Subsidiary Guarantees
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notes”	the 7% senior notes due 2025 in the principal amount of US\$500,000,000 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Purchase Agreement”	the agreement dated 21 October 2020 entered into among the Company, the Subsidiary Guarantors, UBS, BofA Securities, China CITIC Bank International, Deutsche Bank and HSBC in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“Significant Subsidiary”	a restricted subsidiary, when consolidated with its restricted subsidiaries, that would be a “significant subsidiary” using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the issue date, if any of the conditions exceeds 5%
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Notes
“Subsidiary Guarantor Pledgor”	any initial Subsidiary Guarantor Pledgor named in the Indenture and any other Subsidiary Guarantor which pledges collateral to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee; provided that a Subsidiary Guarantor Pledgor will not include any person whose pledge under the security documents has been released in accordance with the security documents, the Indenture and the Notes

“Subsidiary Guarantors”	certain non-PRC subsidiaries of the Company which guarantee the Notes
“Trustee”	DB Trustees (Hong Kong) Limited
“UBS”	UBS AG Hong Kong Branch
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States

By order of the Board of
China SCE Group Holdings Limited
Wong Chiu Yeung
Chairman

Hong Kong, 21 October 2020

As at the date of this announcement, the executive Directors are Mr. Wong Chiu Yeung, Mr. Chen Yuanlai, Mr. Cheng Hiu Lok, Mr. Huang Youquan, and Mr. Wong Lun, and the independent non-executive Directors are Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi.