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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **China SCE Group Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)**

**MAJOR TRANSACTION  
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF  
TARGET COMPANY TO SCE CM GROUP**

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Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 14 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholder's approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

4 December 2023

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the joint announcement of the Company and SCE CM dated 6 November 2023 in relation to the Disposal
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China SCE Group”	the Company and its subsidiaries, excluding SCE CM Group
“Company”	China SCE Group Holdings Limited, a company incorporated in under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange, which held approximately 64.52% of the issued share capital of SCE CM through its wholly-owned subsidiary Happy Scene Global Limited and was a controlling shareholder of SCE CM as at the Latest Practicable Date
“Completion”	the completion of the Disposal in accordance with the SPA
“Completion Date”	the day on which all conditions precedent are being fulfilled or waived (as the case may be) or any other date as agreed by the parties in writing under the SPA
“Conditions”	conditions precedent to Completion set forth under the SPA
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB1,090 million, being the consideration payable by the Purchaser to the Vendor for the Sale Shares and the Sale Debt pursuant to the terms and conditions of the SPA
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the Sale Debt pursuant to the terms and conditions of the SPA
“Group”	the Company and its subsidiaries from time to time, including SCE CM Group

## DEFINITIONS

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Junhui Real Estate”	北京駿輝房地產開發有限公司 (Beijing Junhui Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Latest Practicable Date”	30 November 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2023 (or such other date as the Vendor and the Purchaser may agree in writing)
“PRC”	the People’s Republic of China
“Property”	the shopping mall as described in the paragraph headed “Information of the Property” in this circular
“Purchaser”	Lofty Idea Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of SCE CM
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Debt”	the aggregate unpaid consideration of RMB1,223,321,040 under commercial housing sales contracts in relation to the sale and purchase of the Property dated 27 February 2023 and 28 March 2023 entered into between Taiteng Real Estate (a member of the Target Group) and, Junhui Real Estate, which was unsecured, interest-free, due and owing and shall be assigned to Zhongjun CM at Completion
“Sale Shares”	100 issued shares of the Target Company of US\$1 each, representing the entire issued share capital of the Target Company

## DEFINITIONS

“SCE CM”	SCE Intelligent Commercial Management Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 606), which was held as to approximately 64.52% by the Company through its wholly-owned subsidiary Happy Scene Global Limited as at the Latest Practicable Date
“SCE CM Board”	board of directors of SCE CM
“SCE CM Group”	SCE CM and its subsidiaries
“SCE CM Independent Shareholders”	shareholders of SCE CM other than Happy Scene Global Limited, an indirect wholly-owned subsidiary of the Company, and its associates
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the agreement dated 6 November 2023 entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Taiteng Real Estate”	北京泰騰置業有限公司 (Beijing Taiteng Real Estate Co., Ltd.*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Target Company
“Target Company”	Mega Time Developments Limited, a company incorporated in the British Virgin Islands with limited liability and was a wholly-owned subsidiary of the Company as at the Latest Practicable Date

## DEFINITIONS

“Target Group”	the Target Company and its subsidiaries, namely Cheer Fantasy Investment Limited and Taiteng Real Estate
“Vendor”	China SCE Assets Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Zhongjun CM”	上海中駿商業管理有限公司 (Shanghai Zhongjun Commercial Management Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of SCE CM
“%”	per cent

\* *for identification purpose only*



**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)**

*Executive Directors:*

Mr. Wong Chiu Yeung (*Chairman*)  
Mr. Chen Yuanlai  
Mr. Cheng Hiu Lok  
Mr. Huang Youquan  
Mr. Wong Lun

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Independent non-executive Directors:*

Mr. Ting Leung Huel Stephen  
Mr. Dai Yiyi  
Mr. Mao Zhenhua

*Principal place of business  
in Hong Kong:*

Room 2801, Hysan Place  
500 Hennessy Road  
Causeway Bay  
Hong Kong

4 December 2023

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF  
TARGET COMPANY TO SCE CM GROUP**

**INTRODUCTION**

Reference is made to the Announcement.

On 6 November 2023 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser (an indirect wholly-owned subsidiary of SCE CM) entered into the SPA, pursuant to which (i) the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company; and (ii) the Vendor has agreed to procure the Sale Debt to be assigned from Junhui Real Estate (a wholly-owned subsidiary of the Company) to Zhongjun CM (a wholly-owned subsidiary of SCE CM) and the Purchaser has agreed to procure Zhongjun CM to take the assignment of the Sale Debt, for the Consideration of approximately RMB1,090 million.

## LETTER FROM THE BOARD

Upon Completion, each member of the Target Group will become a wholly-owned subsidiary of SCE CM and their financial results will remain consolidated in the consolidated financial statements of the Group.

The Company has obtained written approval for the SPA and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Shareholders holding an aggregate of 2,120,500,000 Shares (representing approximately 50.21% of the entire issued share capital of the Company), namely Newup Holdings Limited, East Waves Investments Limited and Keen Century Investments Limited, which hold 1,660,040,000 Shares, 230,230,000 Shares and 230,230,000 Shares, respectively, and are all companies wholly-owned by Mr. Wong Chiu Yeung (the chairman of the Board, an executive Director and the chief executive officer of the Company). As such, no general meeting will be convened for the approval of the Disposal as permitted under Rule 14.44 of the Listing Rules.

The primary purpose of this circular is to provide you with, among other matters, (i) the details of the SPA and the transactions contemplated thereunder; and (ii) other information required to be included in this circular under the requirements of the Listing Rules.

### THE SPA

The principal terms of the SPA are summarised below:

**Date:** 6 November 2023

**Parties:** (1) Vendor: China SCE Assets Holdings Limited  
(2) Purchaser: Lofty Idea Enterprises Limited

### Subject assets

Pursuant to the SPA, (i) the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company; and (ii) the Vendor has agreed to procure the Sale Debt owed by Taiteng Real Estate to Junhui Real Estate to be assigned to Zhongjun CM and the Purchaser has agreed to procure Zhongjun CM to take the assignment of Sale Debt at Completion, which amounted to RMB1,223,321,040.

### Consideration

The Consideration for the sale and purchase of the Sale Shares and the Sale Debt is approximately RMB1,090 million, of which the consideration for the Sale Shares is United States dollar (“US\$”) 100 (equivalent to RMB733 based on an exchange rate of US\$:RMB = 1:7.334) which shall be settled outside the PRC and the remaining amount is the consideration for the Sale Debt which shall be settled in the PRC.

The Consideration will be paid by the Purchaser to the Vendor in full on Completion Date.

## LETTER FROM THE BOARD

### **Basis of determination of consideration**

The Consideration is determined after arm's length negotiations between the Purchaser and the Vendor with reference to (i) the amount of the Sale Debt; and (ii) the preliminary valuation of the Property of RMB1,241 million as at 30 September 2023 by Cushman & Wakefield Limited, an independent property valuer, by market comparison method.

According to the property valuation report prepared by Cushman & Wakefield Limited as set out in Appendix II to this circular, in valuing the Property in the PRC, the market comparison method has been adopted by making reference to comparable sales evidence as available in the relevant market.

Market comparison method is a market method showing what price levels that the buyers really paid for the properties in the market, and a method of valuation based on comparing the property to be assessed directly with other comparable properties which recently changed hands. The Property has sufficient transactions in the relevant market and market comparison method is a suitable method for valuing the Property.

The valuation was prepared by the independent property valuer Cushman & Wakefield Limited in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules, and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors. In the course of the valuation, the valuer has relied on, among others, legal advice regarding the title of the Property, on the basis that the owner of the Property has an enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired land use term as granted. The valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser. No allowance has been made for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale, and it has been principally assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Under the market comparison method, the comparable sales evidence taken into account by the valuer includes various recent sales of other similar properties of the same nature within the same district. The selling prices of those similar retail properties range from approximately RMB23,000 to RMB25,800 per square metre on gross floor area basis. After undertaking appropriate adjustments to those comparable unit selling prices, the valuer has adopted the unit price of about RMB23,860 per square metre on gross floor area basis for the Property. The market unit price adopted by the valuer is consistent with the level of the recent sales of other similar properties within the same district as mentioned above.

Ms. Grace S.M. Lam, who oversees the valuation, is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice), and has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries.

## LETTER FROM THE BOARD

Having reviewed and taken into account that (i) the market comparison method is an appropriate and common method to determine the market value of the Property; (ii) the investigation and due diligence measures taken by Cushman & Wakefield Limited for conducting the valuation are to the satisfaction of the Company; (iii) the assumptions, market comparables and considerations made by Cushman & Wakefield Limited for the valuation are in line with industry practices; and (iv) Ms. Grace S.M. Lam has sufficient experience, qualification and current knowledge of the market to conduct the valuation, the Board is of the opinion that the valuation of the Property together with its basis, methodology and assumptions adopted by Cushman & Wakefield as well as the Consideration are fair and reasonable.

### **Conditions precedent**

Completion is conditional upon the fulfillment of the following Conditions (unless otherwise waived by the Purchaser) on or before the Long Stop Date:

1. SCE CM having obtained the necessary approval in relation to the SPA and all the transactions contemplated thereunder and all other relevant documents thereto from the SCE CM Independent Shareholders in an extraordinary general meeting to be convened; and
2. up to the Completion Date, all representations, warranties or undertakings given by the Vendor under the SPA remaining true and accurate in all material aspects and are not misleading.

Condition (1) is not waivable. The Purchaser may in its absolute discretion waive Condition (2) by notice in writing to the Vendor.

If one or more of the conditions precedent are not satisfied or waived (as the case may be) on or before the Long Stop Date, the SPA shall lapse and, unless otherwise agreed in the SPA, each of the parties shall be released from its obligations and responsibilities thereunder, except for any antecedent breaches.

As at the Latest Practicable Date, none of the above Conditions has been waived or fulfilled.

### **Completion**

The Completion shall take place on the Completion Date.

Upon Completion, each member of the Target Group will become an indirect wholly-owned subsidiary of SCE CM and the financial results, assets and liabilities of the Target Group will be consolidated in the consolidated financial statements of SCE CM Group. While each of the members of the Target Group will become an indirect non-wholly-owned subsidiary of the Company and will continue in the consolidated to consolidated financial statements of the Group upon Completion, the Company's effective interest in the Target Group will be reduced from 100% to approximately 64.52%.

## **LETTER FROM THE BOARD**

On Completion Date, Zhongjun CM shall take assignment of Sale Debt and become the creditor of Taiteng Real Estate for the Sale Debt, and the Sale Debt will no longer be owed to Junhui Real Estate by Taiteng Real Estate.

### **INFORMATION ON THE PARTIES**

#### **Information on the Vendor and China SCE Group**

The Vendor is a wholly-owned subsidiary of the Company and is an investment holding company. China SCE Group is principally engaged in property development, operation of shopping malls, offices and long-term rental apartments businesses in the PRC.

#### **Information on the Target Group**

The Target Company is a limited company incorporated in the British Virgin Islands and is a direct wholly-owned subsidiary of the Vendor, principally engaged in investment holding. The Target Company wholly-owns Cheer Fantasy Investment Limited, a limited company incorporated in Hong Kong principally engaged in investment holding, which in turn wholly-owns Taiteng Real Estate, a limited liability company established in the PRC principally engaged in the holding of the Property which is also its principal asset.

The original acquisition cost of the Sale Shares of the Vendor was nil as the Sale Shares were allotted to the Vendor as the founding shareholder of the Target Company.

#### **Information of the Purchaser and SCE CM Group**

The Purchaser is a wholly-owned subsidiary of SCE CM and is an investment holding company. SCE CM Group is principally engaged in the provision of property management services and commercial operational services in the PRC.

## LETTER FROM THE BOARD

### Financial information of the Target Group

Set out below are the summary of the audited consolidated accounts of the Target Group for the years ended 31 December 2021 and 2022 and the six months ended 30 June 2023:

	<b>For the six months ended 30 June 2023 RMB</b>	<b>For the financial year ended 31 December 2022 2021 RMB RMB</b>	
Revenue	9,136,193	—	—
Profit/(loss) before tax for the period/years	85,420,586	212,542	(20,895)
Profit/(loss) after tax for the period/years	64,064,215	206,835	(20,895)

As at 30 June 2023, the audited net asset value of the Target Group was approximately RMB64 million, which mainly represented valuation gain of the Property.

### Information of the Property

The Property is an outlet-based shopping mall complex erected on a parcel of land located at No. 8, Xincheng East Street, Mentougou District, Beijing, the PRC covering a site area of approximately 26,900 square metres which has five above ground storey and one basement level under ground covering a total gross floor area of approximately 78,500 square metres, and its underlying land use rights are valid until 11 March 2059 and are for commercial use.

The occupancy rate of the Property as at 30 June 2023 was 100%. Since March 2023 (being the time when the Property started to generate rental income) and up to August 2023, the total rental income generated by the Property amounted to approximately RMB12.1 million, and by annualising such income, the estimated total rental income for a 12-month period is approximately RMB35.2 million (excluding the effect of rent-free period). The occupants of the Property currently consists of approximately 200 shops which have entered into tenancy agreements of a term of one to 15 years.

According to various market research reports which revealed potential in the operation of outlet-based shopping malls, there has been a stable increase in the number of outlet-based shopping malls in the recent years and there were a surplus of unsold off-season goods after the pandemic which could be sold in outlet-based shopping malls. According to one of the research reports, the total number of outlet-based shopping malls with a commercial area of more than 10,000 square metres in operation in the PRC significantly increased from a few dozen as at 31 December 2012 to hundreds as at 31 December 2022, and the total sizes of outlets nearly increased sevenfold from 31 December 2012 to 31 December 2022.

As at the Latest Practicable Date, the Group does not have other outlet-based shopping mall that has already been in operation.

## **LETTER FROM THE BOARD**

The original land acquisition, construction and development cost of the Property incurred by Junhui Real Estate was approximately RMB1.4 billion. Pursuant to the commercial housing sales contracts in relation to the sale and purchase of the Property dated 27 February 2023 and 28 March 2023, Junhui Real Estate sold and Taiteng Real Estate (a member of the Target Group) purchased the Property at the aggregate unpaid consideration of RMB1,223,321,040, which forms the Sale Debt.

### **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

#### **Assets and liabilities**

Upon Completion, the Company's effective interest in the Target Group will be reduced from 100% to approximately 64.52%. As such, the percentage of share of the Target Group's results and net assets attributable to owners of the Company will be reduced.

#### **Earnings**

Given that the financial results of Target Group will remain consolidated to consolidated financial statements of the Group, it is expected that no gain or loss will be recorded in the consolidated statement of profit or loss of the Group immediately after the Completion.

#### **Estimated deficit**

Assuming the Completion had occurred on 30 June 2023 and for an illustrative purpose only, it is estimated that a deficit of approximately RMB22.7 million will be recognised in the reserves of the Group. The estimated deficit of approximately RMB22.7 million is calculated based on the value of the audited net asset value of the Target Group as at 30 June 2023 (approximately RMB64 million) multiplied by the drop in effective interest in the Target Group of 35.48%. The abovementioned estimated figures are subject to the final net asset value of the Target Group on Completion Date.

#### **Use of proceeds**

The net proceeds of approximately RMB1,090 million to be received from the Disposal are intended to be applied for property development by China SCE Group, in particular, to ensure that construction and related payments are fulfilled, and the relevant properties sold are delivered to the customers on schedule.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Directors were keen to facilitate the Disposal as the outlet-based shopping mall held by the Target Group is regarded as a non-core asset to the Company. The sale of the Target Group fits into the plan for China SCE Group to streamline its shopping mall business and to concentrate its resources on its core businesses of real estate development and traditional shopping mall (i.e. non-outlet shopping malls) operations. In the cost of divesting this non-core asset, which would take years to operate before the costs could be recuperated, by a mere reduction of an effective interest of 35.48%, the Company would be able to receive the Consideration soon after Completion for its allocation to expedite construction progress for its

## LETTER FROM THE BOARD

real estate development projects and enhance its existing business operations. Having considered its business priorities and the above, the Directors consider the Disposal is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Despite China SCE Group and SCE CM Group will both be engaged in operating shopping malls after Completion, a clear delineation will be maintained. SCE CM Group will be engaged in the operation of outlet-based shopping malls while China SCE Group will focus on the operation of traditional shopping malls. Outlet-based shopping malls are typically located in areas outside city centres where public transportation is readily available, and offer off-season branded goods at a discounted pricing, while traditional shopping malls usually offer a greater variety of the latest goods and typically located either near city centres which have more accessible transportation, or in remote locations close to residential properties. The customer and cooperative modes for traditional shopping malls and outlet-based shopping malls also differ, with traditional shopping malls operators generally relying on fixed monthly rental income from tenants, while outlet-based shopping malls operators generally generate revenue from the spending from retail customers in the shops of the tenants and share a portion of such revenue with the tenants based on pre-agreed sharing ratios. As such, greater promotional efforts from the shopping mall operators are usually directed toward outlet-based shopping malls than traditional shopping malls, and such efforts include but are not limited to periodic reviews of the marketability of the types of goods being sold and the efficiency of existing sales force.

The Directors believe that the Disposal will enhance the scale and profitability of SCE CM Group through the expansion of business to operating commercial properties, partially offsetting the negative effects brought by the downturn in the property management industry. Additionally, SCE CM Group will be able to utilise the idle cash in a way that can stimulate the business development of SCE CM Group. Overall, the potentially improved financial performance of SCE CM Group due to the business expansion of SCE CM Group would be beneficial to SCE CM and its shareholders as a whole, including the Company which as at the Latest Practicable Date indirectly held approximately 64.52% interest in SCE CM.

The Property has been preliminarily valued by an independent property valuer at approximately RMB1,241 million as at 30 September 2023 using market comparison method, which is equivalent to the book value of the Property as at 30 June 2023. Considering that the aggregate value of the Sale Debt and the net asset value of the Target Group as at 30 June 2023 was approximately RMB1,288 million, the Consideration of RMB1,090 million, was determined, taking into account the fact that the Company could obtain the proceeds more promptly instead of relying on the Property's future income, which the payback period may take several years. Despite the original land acquisition, construction and development cost of the Property incurred by Junhui Real Estate was in aggregate approximately RMB1.4 billion, in determining the amount of the Consideration, the Directors are of the view that it is more appropriate to place emphasis on the appraised value of the Property which is based on market comparison method, rather than the original cost incurred by Junhui Real Estate for the Property, as it is evident that the slowdown of the property market has brought down the value of the Property. Based on the above, the Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LETTER FROM THE BOARD**

The Directors are of the view that the terms and conditions of the SPA have been agreed after arm's length negotiations among the parties, and the Disposal is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) under alternative size tests in respect of the Disposal exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, shareholders' approval for the SPA and the transactions contemplated thereunder may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (a) no shareholder is required to abstain from voting if the issuer were to convene a general meeting for the approval of the transaction; and (b) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transaction.

The Company has obtained written approval for the Disposal in accordance with Rule 14.44 of the Listing Rules from the Shareholders holding an aggregate of 2,120,500,000 Shares (representing approximately 50.21% of the entire issued share capital of the Company), namely Newup Holdings Limited, East Waves Investments Limited and Keen Century Investments Limited, which hold 1,660,040,000 Shares, 230,230,000 Shares and 230,230,000 Shares, respectively, and are all companies wholly-owned by Mr. Wong Chiu Yeung (the chairman of the Board, an executive Director and the chief executive officer of the Company).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the Disposal, and therefore none of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. As such, no general meeting will be convened for the approval of the Disposal as is permitted under Rule 14.44 of the Listing Rules.

### **RECOMMENDATION**

The Directors (including the independent non-executive Directors) consider that the terms of the SPA are on normal commercial terms, and the Disposal is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors would recommend the Shareholders to vote in favour of the SPA and the transactions contemplated thereunder if a general meeting were to be held.

### **FURTHER INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this circular.

**LETTER FROM THE BOARD**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

Yours faithfully,  
For and on behalf of Board of  
**China SCE Group Holdings Limited**  
**Wong Chiu Yeung**  
*Chairman*

## 1. INDEBTEDNESS STATEMENT

### Borrowings

As at the close of business on 31 October 2023, being the latest practicable date prior to printing of this circular for the purpose of preparing this indebtedness statement, the Group's borrowings were as follows:

	<b>RMB'000</b>
Bank loans — secured	18,087,143
Other loans — secured	1,953,989
Senior notes — secured	13,168,908
Domestic bonds — secured/unsecured	<u>3,270,688</u>
<b>Total</b>	<b><u>36,480,728</u></b>

*Note:* As at 31 October 2023, the Group's borrowings of approximately RMB35,410 million are secured by the Group's property and equipment, investment properties and properties under development and secured by share charges in respect of the equity interests of certain subsidiaries of the Company.

### Contingent liabilities

As at 31 October 2023, the contingent liabilities of the Group were as follows:

	<b>RMB'000</b>
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	28,633,236
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' and associates' properties	4,134,225
Guarantees given to banks in connection with loan facilities granted to joint ventures and associates	1,607,440

Save as otherwise disclosed herein and apart from intra-group liabilities and normal trade and bill payables, the Group did not, as at 31 October 2023, have any material: (i) debt securities issued and outstanding, authorised or otherwise created but unissued; (ii) term loans; (iii) borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; or (iv) mortgages or charges or material contingent liabilities.

## 2. WORKING CAPITAL

Since the second half of 2021, China's real estate sector has faced unprecedented challenges. Affected by the deteriorating business environment and financing difficulties, many private real estate enterprises have faced tight liquidity conditions. The Group has implemented various measures to alleviate the liquidity pressure, including accelerating property sales, extending debt maturity and securing new sources of financing, pushing forward asset disposal and controlling expenses.

As at 30 June 2023, the Group's total borrowings amounted to approximately RMB37.9 billion, while its cash and cash equivalents amounted to approximately RMB8.7 billion. In October 2023, the Company did not make payment on an instalment of principal and interest amounting to approximately US\$61 million which had fallen due under its syndicated loan agreement entered into on 22 March 2021 (the "**Event**"). The Event has resulted in events of default pursuant to the respective terms and conditions of the Group's offshore US\$ senior notes and offshore interest-bearing bank and other borrowings with an aggregate principal amount of approximately RMB18.1 billion as at 31 October 2023 (the "**Defaulted Borrowings**"). The Group also had onshore interest-bearing bank and other borrowings and domestic bonds with scheduled contractual repayment dates falling on or before 31 December 2024 in the aggregate principal amount of approximately RMB7.9 billion as at 31 October 2023.

Taking into account the Group's present available resources and borrowings, the Directors recognise that the Group would not have sufficient working capital for at least 12 months from the date of this circular (the "**Forecast Period**") if (i) the Group is unable to extend its existing borrowings; (ii) the Group is unable to obtain re-financing or secure new sources of financing; and/or (iii) the Group's contracted sales further decrease during the Forecast Period.

In view of the challenges currently faced by the Group, the Directors consider that a holistic solution to managing the Group's overall offshore indebtedness should be explored immediately to ensure the long-term development of the Group and to protect the interests of all stakeholders of the Group. In preparing the working capital forecast of the Group for the Forecast Period, the Directors have assumed, among others, that (i) the lenders of the Defaulted Borrowings will not enforce repayment prior to completion of a debt restructuring; (ii) the Group will be able to extend its onshore bank and other borrowings when they become due and repayable; and (iii) the following measures and plans will be successfully implemented to mitigate the liquidity pressure and improve the financial position of the Group:

- (a) the financial adviser appointed by the Company will assist in evaluating the Group's current capital structure and liquidity and exploring a holistic solution to managing the Group's overall offshore indebtedness in order to ease the prevailing liquidity pressure faced by the Group;
- (b) the Company will continue to communicate proactively with its offshore lenders, especially noteholders and banks, to identify possible debt restructuring plans;

- (c) the Group will continue to seek re-financing or extension of its existing bank and other borrowings and secure new sources of financing;
- (d) the Group will timely adjust its sales strategy to accelerate pre-sales and sales of properties and speed up collection of sales proceeds; and
- (e) the Group will continue to search for potential buyers for disposal of certain investment properties and non-core businesses in order to generate additional cash inflows.

After due and careful enquiry, on the bases stated above, the Directors are of the view that the Group will have sufficient working capital for at least the Forecast Period.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

### 3. FINANCIAL AND TRADING PROSPECTS

As disclosed in the interim report of the Company for the six months ended 30 June 2023, looking forward, it is expected that the central and local governments will continue to optimise real estate control policies, especially in first-tier and popular second-tier cities, which have the greatest room for policy optimisation, so as to better meet the rigid and improved housing needs of residents. With the favorable implementation of supportive policies in various cities, buyers' confidence is expected to gradually recover. However, it will take time for the policy effects to materialise and confidence to be restored. The mainland real estate market is still facing tremendous pressure. The markets of first-tier cities and popular second-tier cities continue to diverge from those of other cities. While land parcels in first-tier cities and popular second-tier cities still attract bids, there may not be significant improvements in the macro environment in the short term, hence it is believed that third-and fourth-tier cities market will remain difficult to realise.

Facing the sluggish real estate market, the Group is earnestly carrying out various key operation tasks in the second half of the year. In terms of marketing, we still adhere to the strategy "One Policy for One Project", and increase the efforts to speed up the cash collection from sales. According to the dynamics of the market segment where each project is located, the flow rate is tracked, a flexible sales policy is formulated, and the fast-moving project accelerates the pace of launch. In terms of funding, it is necessary to continue to communicate with financial institutions to break through financing difficulties, and strengthen regional measures to broaden financing channels. In terms of operations, we will fully communicate and coordinate with the marketing and financial lines, rationally plan and deploy supply plans, pay full attention to supplier selection and management, and strengthen quality management. For the "Two-Wings" business model, "Improving Efficiency, Reducing Fees, Increasing Revenue" is the eternal business theme. On the basis of focusing on customer needs, the Group targets to optimise efficiency and cost control, promote the steady growth of service revenue, and further optimise the return on investment.

After a long period of in-depth adjustments, the industry is on a long and tortuous road to recovery. The road ahead may still be full of challenges and obstacles, but the staff of the Group will stay tenacious and persistent in the belief that opportunities for a turnaround will arise over the course of time allowing the Group to overcome the most difficult moment. In the future, the Group will further focus on core cities and advantageous areas, and strive to operate steadily in the next round of competition, and go further.

The Directors confirm that, as at the Latest Practicable Date, except for the offshore debts issue as disclosed in the announcements of the Company dated 4 October 2023 and 3 November 2023 and the paragraphs headed “Working Capital” in this Appendix, there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the Property as at 30 September 2023.*



27/F  
One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

4 December 2023

The Directors  
China SCE Group Holdings Limited and  
SCE Intelligent Commercial Management Holdings Limited  
Room 2801, Hysan Place  
500 Hennessy Road  
Causeway Bay  
Hong Kong

Dear Sirs,

#### **INSTRUCTIONS, PURPOSE AND VALUATION DATE**

In accordance with the instructions by China SCE Group Holdings Limited and SCE Intelligent Commercial Management Holdings Limited (referred to as the “**Companies**”) and its subsidiaries (together referred to as the “**Group**”) for us to value the property held for investment purpose in the People’s Republic of China (the “**PRC**”) (as more particularly described in the valuation report and referred to as the “**Property**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 30 September 2023 (the “**Valuation Date**”).

#### **DEFINITION OF MARKET VALUE**

Our valuation of the Property represents its market value which in accordance with HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

## VALUATION BASIS AND ASSUMPTIONS

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited, and The HKIS Valuation Standards 2020 published by HKIS.

In the course of our valuation of the Property in the PRC, we have relied on the information and advice given by the Group and its legal adviser, Hui Ye Law Firm, regarding the title of the Property. In valuing the Property, we have prepared our valuation on the basis that the owner of the Property has an enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired land use term as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

In respect of the Property situated in the PRC, the status of title and grant of major certificates, approvals and licenses, in accordance with the information provided by the Group are set out in the notes of the respective valuation report.

## METHOD OF VALUATION

In valuing the Property in the PRC, we have adopted the market comparison method by making reference to comparable sales evidence as available in the relevant market. While we have conducted a check by using the income capitalisation method on the basis of capitalisation of rental derived from the rental potential of the Property, we have not adopted the valuation result for the purpose of valuing the Property.

Market comparison method is the best method for property valuation in theory because it is a market method showing what price levels that the buyers really paid for the properties in the market. However, this method has limitation for application especially in the event that relevant property transactions are few and the nature of properties are not uniform. Market comparison method is a method of valuation based on comparing the property to be assessed directly with other comparable properties which recently changed hands. These premises are generally located in the surrounding areas or in another market which are comparable to the Property. However, because of the heterogeneous nature of properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. The Property under valuation has sufficient transactions in the relevant market and market comparison method is a suitable method for valuing the Property.

**SOURCES OF INFORMATION**

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group regarding the title of the Property. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, site and floor areas, and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

**TITLE INVESTIGATION**

We have been provided with extracts of documents relating to the title of the Property in the PRC but no searches have been made in respect of the Property. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Property in the PRC and we have therefore relied on the advice given by the Group and the PRC legal opinion prepared by the Group's legal adviser regarding the Property.

**SITE INSPECTION**

Our valuer, Ms. Melody Chen, Manager with Master's Degree and 4 years of experience in property valuation in the PRC, inspected the exterior and, whenever possible, the interior of the Property on 2 November 2023. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

**CURRENCY**

Unless otherwise stated, all monetary sums stated in our valuation are in Renminbi, the official currency of the PRC.

We enclose herewith our valuation report.

Yours faithfully,  
For and on behalf of  
**Cushman & Wakefield Limited**  
**Grace S.M. Lam**  
*Registered Professional Surveyor (General Practice)*  
*MRICS, MHKIS*  
*Senior Director*  
*Valuation & Advisory Services*

*Note:* Ms. Grace S.M. Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current knowledge of the market, and the skills and understanding to undertake the valuations competently.



*Notes:*

- (1) According to two Real Estate Title Certificates issued by 北京市規劃和國土資源管理委員會 (Beijing Municipal Commission of Planning and Land Resources), the real estate title of the Property has been vested in 北京泰騰置業有限公司 (Beijing Taiteng Real Estate Co., Ltd.) with site area of 26,894.73 sq m for a term due to expire on 11 March 2059 for commercial use with details below.

Certificate no.	Date of issue	Location	Gross floor area (sq m)
(2023) 0001439	15 March 2023	Levels 1 to 5, Block no. 1 of No. 8 Xinchengdong Street, Mentougou District	64,460.05
(2023) 0002221	19 April 2023	Basement 1, Block no. 4 of No. 8 Xinchengdong Street, Mentougou District	14,039.22
<b>Total:</b>			<b><u>78,499.27</u></b>

- (2) According to Business Licence No. 91110105MA01Q19D6M dated 9 January 2023, 北京泰騰置業有限公司 (Beijing Taiteng Real Estate Co., Ltd.) was established on 17 January 2020 as a limited company with a registered capital of RMB600,000,000.
- (3) We have been provided with a legal opinion issued by the Group's PRC legal adviser, Hui Ye Law Firm, which contains, inter alia, the following information:
- (a) The Real Estate Title Certificates of the Property are valid, legal and enforceable under the PRC laws;
- (b) 北京泰騰置業有限公司 (Beijing Taiteng Real Estate Co., Ltd.) is the sole legal land user of the Property and has obtained Real Estate Title Certificates of the Property; and
- (c) 北京泰騰置業有限公司 (Beijing Taiteng Real Estate Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the real estate title of the Property.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows.

Real Estate Title Certificate	Yes
Business Licence	Yes

- (5) Our major parameters adopted in our method of valuation are as follows.

Use	Market unit price
Retail on Level 1	RMB23,860 per sq m on gross floor area basis

In valuing the Property in the PRC, we have adopted the market comparison method by making reference to comparable sales evidence as available in the relevant market.

In undertaking our valuation, we have made reference to various recent sales of other similar properties within the same district.

We have gathered the sales evidence of three retail property units on Level 1 of three shopping malls as comparable sales evidence to the Property because the nature of these comparables is the same as that of the Property. Their location is quite close to the Property. The transaction date of these comparables was 30 September 2023. The selling prices of those similar retail properties on Level 1 range from approximately RMB23,000 to RMB25,800 per sq m on gross floor area basis. After undertaking appropriate adjustments to those comparable unit selling prices, we adopted the unit price of about RMB23,860 per sq m on gross floor area basis for the Property. The adjustments we have made comprise the nature of transaction, location and the size of floor area factors. The above market unit price adopted by us are consistent with the level of the recent sales of other similar properties within the same district as mentioned above.

Since the Property comprises a shopping mall of 6 floor levels, usually the floor Level 1 has the highest value and upper floor level has lesser value. We applied appropriate adjustment to the adopted average unit price on Level 1 in order to arrive at the average unit price on different floor levels. By multiplying the average unit price on each floor level and their corresponding gross floor area, we can obtain the market value of each floor level. The summation of the market value of each floor level is the market value of the Property.

The details of the exhaustive list of sales evidence of three retail property units on Level 1 of three shopping malls gathered are tabulated below for reference.

Comparable no.	Comparable-1	Comparable-2	Comparable-3
Name of property	西長安壹號 (West Chang'an No.1)	馮村嘉園 (Fengcun Jiayuan)	Plus365購物中心 (Plus365 Shopping Center)
District in Beijing	門頭溝 (Mentougou)	門頭溝 (Mentougou)	門頭溝 (Mentougou)
Address	金安路 (Jinan Road)	石龍北路 (Shilong North Road)	馮石環路 (Fengshihuan Road)
Type of property	Retail	Retail	Retail
Floor level	Level 1	Level 1	Level 1
Date of asking	30 September 2023	30 September 2023	30 September 2023
Asking price	RMB5,202,800	RMB5,208,300	RMB3,879,400
Gross floor area	226.21 sq m	208.33 sq m	150.00 sq m
Unit average price	RMB23,000 per sq m	RMB25,000 per sq m	RMB25,863 per sq m

We have conducted a check by using the income capitalisation method on the basis of capitalisation of rental derived from the rental potential of the Property. The valuation result derived by this valuation method was RMB1,241,000,000 (Renminbi One Billion Two Hundred Forty One Million).

Our major parameters adopted in our method of valuation are as follows.

Use	Market unit rent
Retail on Level 1	RMB157 per sq m per month on gross floor area basis

The capitalisation rate we used for the Property is 5.50%.

In undertaking our valuation, we have made reference to various recent rental comparable evidence of other similar properties within the same district.

The rental comparable of those similar retail properties on Level 1 range from approximately RMB150 per sq m per month to RMB167 per sq m per month. After undertaking appropriate adjustments to those comparable unit rents, we adopted a unit rent of RMB157 per sq m per month for the Property. The above market unit rent adopted by us is consistent with the level of the recent rental comparable evidence of other similar properties within the same district as mentioned above.

The details of the exhaustive list of rental evidence of three retail property units on Level 1 of three shopping malls gathered are tabulated below for reference.

Comparable no.	Comparable-1	Comparable-2	Comparable-3
Name of property	翡翠長安 (Jade Chang'an)	長安天街 (Chang'an Tianjie)	北京西長安中駿世界城 (Beijing West Chang'an SCE Funworld)
District in Beijing	門頭溝 (Mentougou)	門頭溝 (Mentougou)	門頭溝 (Mentougou)
Address	龍興路 (Longxing Road)	新城大街 (Xincheng Main Street)	新城東街 (Xinchengdong Street)
Type of property	Retail	Retail	Retail
Floor level	Level 1	Level 1	Level 1
Date of asking	30 September 2023	30 September 2023	30 September 2023
Asking monthly rent	RMB16,000	RMB11,000	RMB20,000
Gross floor area	107.00 sq m	72.46 sq m	120.00 sq m
Unit average monthly rent	RMB150 per sq m	RMB152 per sq m	RMB167 per sq m

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests and/or short positions of the Directors and chief executives

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

#### *The Company*

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Number of Shares/ underlying Shares held or interested in (Note 1)</b>	<b>Approximate percentage of shareholding as at the Latest Practicable Date (Note 2)</b>
Mr. Wong Chiu Yeung (“ <b>Mr. Wong</b> ”)	Interest in a controlled corporation	2,120,500,000 (L) (Note 3)	50.21%
Mr. Chen Yuanlai (“ <b>Mr. Chen</b> ”)	Beneficial owner Interest in a controlled corporation	20,000,000 (L) 230,230,000 (L) (Note 4)	5.93%
Mr. Cheng Hiu Lok (“ <b>Mr. Cheng</b> ”)	Interest in a controlled corporation	230,230,000 (L) (Note 5)	5.45%
Mr. Huang Youquan	Beneficial owner	16,000,000 (Note 6)	0.38%

*Notes:*

1. The letter “L” denotes the Directors’ long position in the Shares, underlying Shares and debentures of the Company.
2. Calculated on the basis of a total of 4,222,986,126 Shares as at the Latest Practicable Date.
3. These 2,120,500,000 Shares comprised 1,660,040,000 Shares registered in the name of Newup Holdings Limited (“**Newup**”), 230,230,000 Shares registered in the name of East Waves Investments Limited (“**East Waves**”) and 230,230,000 Shares registered in the name of Keen Century Investments Limited (“**Keen Century**”). Mr. Wong held 100% of the entire issued share capital of each of Newup, East Waves and Keen Century and was deemed to be interested in the aggregate of 2,120,500,000 Shares held by Newup, East Waves and Keen Century pursuant to the SFO. Mr. Wong is the sole director of each of Newup, East Waves and Keen Century.
4. These 230,230,000 Shares were registered in the name of Rising Trade Holdings Limited (“**Rising Trade**”). Mr. Chen held 100% of the entire issued share capital of Rising Trade and was deemed to be interested in the 230,230,000 Shares held by Rising Trade pursuant to the SFO. Mr. Chen is the sole director of Rising Trade.
5. These 230,230,000 Shares were registered in the name of Wealthy Gate Holdings Limited (“**Wealthy Gate**”). Mr. Cheng held 100% of the entire issued share capital of Wealthy Gate and was deemed to be interested in the 230,230,000 Shares held by Wealthy Gate pursuant to the SFO. Mr. Cheng is the sole director of Wealthy Gate.
6. These represent share options granted by the Company.

*Associated corporations of the Company*

Name of Director	Name of associated corporation	Nature of interests	Number of shares/ underlying shares held or interested in ( <i>Note 1</i> )	Approximate percentage of shareholding as at the Latest Practicable Date ( <i>Note 2</i> )
Mr. Wong	SCE CM	Interest in a controlled corporation	1,248,490,946 (L) ( <i>Note 3</i> )	64.52%

*Notes:*

1. The letter “L” denotes the Directors’ long position in the Shares, underlying Shares and debentures of the Company.
2. Calculated on the basis of a total of 1,935,000,000 issued shares of SCE CM as at the Latest Practicable Date.
3. These 1,248,490,946 shares were registered in the name of Happy Scene Global Limited, which was wholly-owned by Affluent Way International Limited, which was in turn wholly-owned by the Company. As at the Latest Practicable Date, the Company was owned as to 50.21% by Mr. Wong through companies wholly-owned by him. Mr. Wong was therefore deemed to be interested in the shares in SCE CM held by Happy Scene Global Limited pursuant to the SFO. Mr. Wong Lun and Mr. Huang Youquan, executive Directors, are executive director and non-executive director of SCE CM, respectively.

Save as disclosed above, as at the Latest Practicable Date, no other Director or chief executive of the Company had or was deemed to have any interest or short position in any shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### **3. COMPETING INTEREST**

So far as the Directors were aware, none of the Directors or their respective close associates had interest in any business which compete, or is likely to compete, either directly or indirectly, with the businesses of the Group as at the Latest Practicable Date.

### **4. INTERESTS IN CONTRACT OR ARRANGEMENT AND ASSETS**

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up), (i) been acquired or disposed of by; or (ii) leased to; or (iii) were proposed to be acquired or disposed of by; or (iv) were proposed to be leased to any member of the Group; and
- (b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

### **5. LITIGATION**

As at the Latest Practicable Date, no litigation or claim which may be of material importance is known to the Directors to be pending or threatened against any member of the Group.

## 6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or is proposing to enter, into any service contract with the Group which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

## 7. MATERIAL CONTRACTS

As at the Latest Practicable Date, no contract (not being contract entered into in the ordinary course of business) was entered into by members of the Group within the two years immediately preceding the Latest Practicable Date that is, or may be, material.

## 8. EXPERT AND CONSENT

The following are the qualifications of the expert who has given its opinions and advice which are included in this circular:

NAME	QUALIFICATION
Cushman & Wakefield Limited	Independent professional valuer

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters and/or reference to its name or opinion in the form and context in which they appear.

As at the Latest Practicable Date:

- (a) the expert above did not have any direct or indirect interests in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up), acquired, disposed of or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group; and
- (b) the experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**9. GENERAL**

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's head office and principal place of business in the PRC is SCE Tower, No. 2, Lane 1688, Shenchang Road, Hongqiao Business District, Shanghai, the PRC. The Company's principal place of business in Hong Kong is Room 2801, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong.
- (b) The company secretary of the Company is Mr. Li Siu Po. Mr. Li is also the financial controller of the Group. He is a member of the Hong Kong Institute of Certified Public Accountants.
- (c) The Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, is situated at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) In the event of any inconsistency between the English version and the Chinese version of this circular, the English version of this circular shall prevail.

**10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.sce-re.com>) for a period of 14 days from the date of this circular:

- (a) the SPA; and
- (b) the written consent of the expert referred to in the paragraph headed "Expert and Consent" in this Appendix.