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CHINA SCE PROPERTY HOLDINGS LIMITED

中駿置業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1966)

**(1) PLACING OF EXISTING SHARES AND
(2) SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE**

Global Coordinators, Bookrunners and Placing Agents



Co-Placing Agent



PLACING AND SUBSCRIPTION

On 31 August 2017, the Vendor and the Company entered into the Placing and Subscription Agreement with the Placing Agents pursuant to which the Placing Agents have agreed to place, on a fully underwritten basis, 400,000,000 existing Shares at a price of HK\$3.64 per Share on behalf of the Vendor. The Placing Shares represent approximately 11.68% of the existing issued share capital of the Company and approximately 10.46% of the issued share capital of the Company as enlarged by the Subscription.

The Placing Shares will be placed by the Placing Agents to not less than six independent professional, institutional and/or individual investors who are or will be third parties independent of and not connected with the Company or its connected persons. The Placing is conditional on certain termination events upon the occurrence of which the Placing will not proceed to completion unless waived by the Placing Agents.

Pursuant to the Placing, the Vendor has conditionally agreed to subscribe at the Placing Price for the same number of new Shares as the Placing Shares that have been placed by the Placing Agents. The Subscription Shares represent approximately 11.68% of the existing issued share capital of the Company and approximately 10.46% of the issued share capital of the Company as enlarged by the Subscription.

The Company will apply to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

As the Placing and Subscription are subject to the fulfillment of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

PLACING AND SUBSCRIPTION AGREEMENT

Date: 31 August 2017

- Parties:**
- (1) the Company;
 - (2) Newup Holdings Limited as the vendor. As at the date of this announcement, the Vendor is interested in 1,968,000,000 Shares, representing approximately 57.48% of the existing issued share capital of the Company;
 - (3) Deutsche Bank AG, Hong Kong Branch, as one of the global coordinators, bookrunners and Placing Agents;
 - (4) Citigroup Global Markets Limited, as one of the global coordinators, bookrunners and Placing Agents; and
 - (5) BOCI Asia Limited, as one of the Placing Agents.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agents are independent of and not connected with the Company or any of its connected persons.

PLACING

Number of Sale Shares

400,000,000 existing Shares, representing approximately 11.68% of the existing issued share capital of the Company and approximately 10.46% of the issued share capital as enlarged by the Subscription.

Placing Price

The Placing Price is HK\$3.64 per Share and represents:

- (i) a discount of 9.00% to the closing price of HK\$4.00 per Share as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement;
- (ii) a discount of approximately 7.14% to the closing price of HK\$3.92 per Share as quoted on the Stock Exchange on 30 August 2017, the last full trading day prior to the date of the Placing and Subscription Agreement; and
- (iii) a discount of approximately 6.62% to the average closing price of HK\$3.898 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 30 August 2017.

The Placing Price was determined after arm's length negotiations between the Company, the Vendor and the Placing Agents with reference to the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price to be fair and reasonable under the current market conditions and is in the best interests of the Company and the Shareholders as a whole.

The costs of the Placing and the Subscription shall be borne by the Company.

Rights

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of the Placing and Subscription Agreement, including the right to receive all dividends or other distributions declared, made or paid on or after the date of the Placing and Subscription Agreement.

Independence of the Placing Agents and the Placees

It is expected that the Placing Shares will be placed by the Placing Agents to not less than six independent professional, institutional and/or individual investors. It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

The Placing Agents and the placees to be procured by the Placing Agents are or will be (as the case may be) independent of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

Termination Events

The obligations of the Placing Agents to proceed to completion of the Placing is conditional upon, amongst other conditions, the requirement that none of the following shall have occurred prior to completion:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations which in the sole judgement of the Placing Agents has or is likely to have a material adverse effect on the financial position of the Group as a whole; or
 - (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing; or
 - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (iv) a general moratorium on commercial banking activities in Hong Kong, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the United Kingdom or the United States; or
 - (v) a change or development involving a prospective change in taxation adversely affecting the Company, the Sale Shares or the transfer thereof; or
 - (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the United Kingdom or the United States or the declaration by the People's Republic of China, the United Kingdom or the United States of a national emergency or war; or
 - (vii) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
 - (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or

- (b) any breach of any of the representations, warranties and undertakings by the Company and/or the Vendor under the Placing and Subscription Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of the Vendor and/or the Company; or
- (c) there is any such adverse change, or development involving a prospective adverse change, in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Group as a whole which in the sole judgement of the Placing Agents is materially adverse to the success of the Placing.

In the event any of the Placing Agents terminates the Placing and Subscription Agreement, all obligations of the parties under the Placing and Subscription Agreement will cease and determine and no party will have any claim against any other party save for any antecedent breach. **Shareholders and investors are therefore advised to exercise caution when dealing in the securities of the Company.**

Completion of the Placing

The parties expect that the Placing will be completed on 5 September 2017 (or such other date as the parties may agree in writing).

Undertakings

Each of the Company and the Vendor has undertaken to the Placing Agents that, except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement, for a period of 90 days from the Closing Date, it will not and will procure that none of its ultimate beneficial owners, nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) without the prior written consent of the Placing Agents (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

SUBSCRIPTION

Number of new Shares to be subscribed

400,000,000 new Shares to be subscribed by the Vendor, representing approximately 11.68% of the existing issued share capital of the Company and approximately 10.46% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The subscription price per new Share is equivalent to the Placing Price of HK\$3.64 per Share. The Subscription Shares have a nominal value of HK\$40,000,000 and a market value of HK\$1,600,000,000, based on the closing price of HK\$4.00 on 31 August 2017, the date of the Placing and Subscription Agreement. The net price of the Subscription is approximately HK\$3.59 per Share.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market conditions and are in the interest of the Company and the Shareholders as a whole.

General mandate to issue the Subscription Shares

The issue of the Subscription Shares will not be subject to Shareholders' approval and the Subscription Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed in the annual general meeting held on 12 May 2017. Pursuant to such mandate, the Directors were granted authority to issue up to 684,768,000 Shares, representing 20% of the total number of Shares of the Company in issue as at 12 May 2017. The Company has not issued any Shares pursuant to such general mandate.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription including the right to any dividends or distributions after the date of completion of the Subscription.

Conditions of the Subscription

The Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

None of the conditions stated above can be waived. In the event that the conditions are not fulfilled or on or before 14 September 2017 (or such later date as may be agreed between the parties) the Subscription and all rights and obligations thereunder will cease and terminate.

Completion of the Subscription

Completion of the Subscription will take place on the second business day following the fulfillment of the above conditions or such other time as may be agreed between the Vendor and the Company. As the Subscription constitutes a connected transaction of the Company, if the Subscription is not completed within 14 days after the date of the Placing and Subscription Agreement i.e. 14 September 2017, shareholders' approval will be required for the Subscription and the relevant provisions of the Listing Rules in relation to connected transaction will apply, unless otherwise waived by the Stock Exchange. Further announcement will be made if this occurs.

EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING:

The shareholding structure of the Company before and after the Placing and the Subscription will be as follows:

Shareholders	Current		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Vendor, Mr. Wong Chiu Yeung and its associates (<i>Note 1</i>)	1,983,700,000	57.94	1,583,700,000	46.26	1,983,700,000	51.88
Directors (other than Mr. Wong Chiu Yeung)	308,000,000	9.00	308,000,000	9.00	308,000,000	8.05
Placees	—	—	400,000,000	11.68	400,000,000	10.46
Other public Shareholders	<u>1,132,140,000</u>	<u>33.06</u>	<u>1,132,140,000</u>	<u>33.06</u>	<u>1,132,140,000</u>	<u>29.61</u>
Total	<u>3,423,840,000</u>	<u>100.00</u>	<u>3,423,840,000</u>	<u>100.00</u>	<u>3,823,840,000</u>	<u>100.00</u>

Note:

1. Mr. Wong Chiu Yeung, an executive Director, holds the entire issued share capital of the Vendor and is therefore deemed to be interested in 1,968,000,000 Shares held by the Vendor.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASON FOR THE PLACING AND THE SUBSCRIPTION

The Placing and Subscription is being undertaken to supplement the Group's long term funding of its expansion and growth plan. The directors of the Company consider the Placing and Subscription will provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

USE OF PROCEEDS OF THE SUBSCRIPTION

The Company intends to use the estimated net proceeds of the Subscription of approximately HK\$1,436,000,000 for the Company's development purposes and as general working capital of the Company.

CAPITAL-RAISING ACTIVITIES DURING PAST 12 MONTHS

The Company has not carried out any equity capital raising activities during the 12 months immediately preceding the date of this announcement.

GENERAL

The Group is principally engaged in the business of property development, property investment and property management in the PRC.

DEFINITIONS

“associate”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Company”	China SCE Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Closing Date”	two business days after the date when the sale of the Placing Shares shall be reported as a cross-trade to the Stock Exchange, or such other date as the Vendor and the Placing Agents may agree in writing;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	the placement of 400,000,000 existing Shares to independent investors at the Placing Price;
“Placing Agents”	Deutsche Bank AG, Hong Kong Branch, Citigroup Global Markets Limited and BOCI Asia Limited, each is a third party independent of and not connected with the Company and its connected persons;

“Placing and Subscription Agreement”	the placing and subscription agreement dated 31 August 2017 between the Vendor, the Company and the Placing Agents in respect of the Placing and the Subscription;
“Placing Price”	the placing price of HK\$3.64 per Share;
“Placing Shares”	400,000,000 existing Shares;
“PRC”	the People’s Republic of China;
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Subscription Shares by the Vendor;
“Subscription Price”	the subscription price of HK\$3.64 per Share;
“Subscription Shares”	400,000,000 new Shares;
“Vendor”	Newup Holdings Limited, a company incorporated in the British Virgin Islands with limited liability; and
“%”	per cent.

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

Hong Kong, 1 September 2017

As at the date of this announcement, the executive Directors of the Company 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.