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JOINT ANNOUNCEMENT

INSIDE INFORMATION

ENFORCEMENT OF SHARE CHARGE AND APPOINTMENT OF RECEIVERS OVER SHARES IN SCE CM

This joint announcement is made by China SCE Group Holdings Limited (“**China SCE**”, and together with its subsidiaries but excluding the SCE CM Group (as defined below), the “**China SCE Group**”) and SCE Intelligent Commercial Management Holdings Limited (“**SCE CM**”, and together with its subsidiaries, the “**SCE CM Group**”) pursuant to Rules 13.09(2)(a) and 13.25(1)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of China SCE dated 4 July 2023. On 4 July 2023, China SCE as borrower entered into a facility agreement (the “**Facility Agreement**”) coordinated by The Hongkong and Shanghai Banking Corporation Limited with, among others, a syndicate of banks (the “**Banks**”) as the original lenders, pursuant to which the Banks have agreed to grant to China SCE a HK\$255,420,000 and US\$89,100,000 multiple tranche term facility subject to and on the terms thereof. Liabilities and obligations of China SCE under the Facility Agreement are secured by, among other things, charges over 504,000,000 shares (the “**Charged Shares**”) in SCE CM (representing approximately 26.0% of its issued share capital as at the date of this joint announcement) held by Happy Scene Global Limited (“**Happy Scene**”), an indirect wholly-owned subsidiary of China SCE, in favour of the security agent (the “**Security Agent**”) of the Banks (the “**Share Charges**”).

As disclosed in the announcement of China SCE dated 4 October 2023, China SCE had defaulted on payment of an instalment of principal and interest which had fallen due under its syndicated loan agreement entered into on 22 March 2021. This constituted a cross default and gave rise to an event of default under the Facility Agreement.

On 15 December 2023, Happy Scene received a notice from the Security Agent (the “**Enforcement Notice**”) stating, among other things, that

- (1) as at the date of the Enforcement Notice, China SCE had failed to repay the amounts demanded under the acceleration and demand notice. Accordingly, the outstanding principal amount of the two tranches of the loans made under the Facility Agreement remained to be HK\$255,420,000 and US\$89,100,000, with accrued interests amounting to HK\$13,281,847.78 and US\$4,878,639.50, respectively as at the date of the Enforcement Notice;
- (2) events of default had occurred under the Facility Agreement, were continuing and had not been waived as at the date of the Enforcement Notice; and
- (3) the Share Charges had become enforceable in accordance with the terms of the relevant security agreements.

By notices given by the Security Agent on 18 December 2023 to the custodian (the “**Custodian**”) of the securities accounts in which the Charged Shares are held (the “**Custodian Accounts**”), the Security Agent had taken exclusive control over the Custodian Accounts and the Charged Shares.

Further, Happy Scene was informed by the Security Agent on 18 December 2023 that

- (a) Chow Wai Shing Daniel of FTI Consulting (Hong Kong) Limited and Aaron Luke Gardner of FTI Consulting (BVI) Limited had been appointed as joint and several receivers (the “**Receivers**”) of the Custodian Accounts and the Charged Shares; and
- (b) Happy Scene had ceased to be entitled to exercise voting rights attached to the Charged Shares, and the Security Agent or the Receivers shall be entitled to exercise or direct the exercise of the voting and other rights attached to any Charged Shares.

China SCE is continuously assessing the legal, financial and operational impacts of the actions taken or to be taken by the Banks and/or the Security Agent in connection with the events of default under the security agreements, including without limitation the appointment of the Receivers over the assets of the China SCE Group as set forth above. The board of directors of China SCE will closely monitor the development of such matters and issue further announcement(s) in relation to material updates as and when necessary or appropriate.

Shareholders of China SCE and SCE CM and potential investors are advised to exercise caution when dealing in the shares of China SCE and SCE CM.

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

By order of the board of directors of
SCE Intelligent Commercial Management
Holdings Limited
Wong Lun
Chairman

Hong Kong, 19 December 2023

As at the date of this joint announcement, the board of directors of China SCE comprises Mr. Wong Chiu Yeung, Mr. Chen Yuanlai, Mr. Cheng Hiu Lok, Mr. Huang Youquan and Mr. Wong Lun as executive directors, and Mr. Ting Leung Huel Stephen, Mr. Dai Yiyi and Mr. Mao Zhenhua as independent non-executive directors.

As at the date of this joint announcement, the board of directors of SCE CM comprises Mr. Wong Lun, Mr. Niu Wei, Mr. Sun Qiang, Mr. Zheng Quanlou and Ms. Ku Weihong as executive directors, Mr. Huang Youquan as non-executive director, and Mr. Ding Zuyu, Mr. Wang Yongping and Mr. Pang Hon Chung as independent non-executive directors.