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**CHINESE ESTATES HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 127)**

**TERMINATION OF  
THE PLACING AGREEMENT AND  
THE SUBSCRIPTION AGREEMENT  
AND  
RESUMPTION OF TRADING  
PRICE-SENSITIVE INFORMATION**

Reference is made to the announcement of the Company dated 25th June, 2009 in relation to the suspension of trading in the Shares pending release of an announcement regarding top-up placing of Shares. The Directors announce that on 26th June, 2009, the Vendor, the Company, the Guarantor and the Placing Agents entered into a deed of termination and agreed to terminate the Placing Agreement; and the Company and the Vendor entered into a termination agreement and agreed to terminate the Subscription Agreement.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:36 a.m. on 25th June, 2009 pending release of an announcement regarding top-up placing of Shares. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 29th June, 2009.

**INTRODUCTION**

Reference is made to the announcement of the Company dated 25th June, 2009 in relation to the suspension of trading in the Shares pending release of an announcement regarding top-up placing of Shares. The Directors announce that on 26th June, 2009, the Vendor, the Company, the Guarantor and the Placing Agents entered into a deed of termination and agreed to terminate the Placing Agreement; and the Company and the Vendor entered into a termination agreement and agreed to terminate the Subscription Agreement.

## **THE PLACING AGREEMENT AND THE SUBSCRIPTION AGREEMENT**

On 25th June, 2009, the Vendor, the Company, the Guarantor and the Placing Agents entered into the Placing Agreement whereby the Vendor has conditionally agreed to sell, or procure the sale of, as legal and beneficial owner, the Placing Shares and the Placing Agents have conditionally agreed, as agents of the Vendor, to procure Placees to purchase, on a best effort basis, severally and not jointly nor jointly and severally, the Placing Shares, at the Placing Price. The Guarantor has undertaken to the Placing Agents that it will guarantee, as sole and principal obligor, to the Placing Agents the due and punctual performance by the Vendor of all its obligations, commitments and undertakings under or pursuant to the Placing Agreement.

Pursuant to the Placing Agreement, the Vendor has granted the Option to the Placing Agents exercisable at any time during the period commencing from the date of the Placing Agreement and ending on the third business day after the date of the Placing Agreement to require the Vendor to issue the Option Shares in such numbers and to such persons as the Placing Agents shall in their absolute discretion direct, at the Placing Price per Option Share.

On 25th June, 2009, the Company also entered into the Subscription Agreement with the Vendor whereby the Vendor conditionally agreed to subscribe for the Subscription Shares (being equivalent to the number of Placing Shares) at the Subscription Price (being equivalent to the Placing Price). It was intended that the Subscription Shares would be allotted and issued pursuant to the General Mandate granted at the AGM. As such, the issue of the Subscription Shares would not be subject to further approval of the Shareholders.

The Company had planned to utilise the net proceeds of the Subscription for general working capital of the Company.

## **REASONS FOR THE TERMINATION**

Pursuant to the Placing Agreement, it was agreed that the minimum number of Placing Shares shall be 118,000,000 Shares owned by the Vendor and the Placing Price shall be within the range of HK\$13.26 to HK\$14.17 per Placing Share (representing a discount of approximately 7% to 13% to the closing price of HK\$15.24 per Share on the Last Trading Day) or otherwise agreed by the Company, the Vendor, the Guarantor and the Placing Agents. The Directors wish to inform the Shareholders that during the book building process and based on the indicative interest of the intended placees, the Placing based on the minimum number of Placing Shares being 118,000,000 Shares was oversubscribed.

The Company considers that it would be in the interest of the Company and the Shareholders that the Placing Price be fixed at a higher-end of the Placing Price range. However, only a minority of the intended placees opted for the higher-end of the Placing Price range, and based on such results, the Company considers that it is not in the best interests of the Company and the Shareholders as a whole to proceed with the Placing.

Accordingly, on 26th June, 2009, the Vendor, the Company, the Guarantor and the Placing Agents entered into a deed of termination and agreed to terminate the Placing Agreement and no party shall be under any liability to any other for costs, damages, charges, compensation or otherwise under the Placing Agreement (including the commission as referred to in the Placing Agreement), except (i) in relation to obligations, agreements and liabilities arising prior to such termination (including liabilities arising prior to such termination under the representations,

warranties and undertakings referred to in the Placing Agreement); (ii) that the Vendor shall remain liable for the payment of all costs and expenses referred to in the Placing Agreement already incurred or to be incurred in consequence of such termination; and (iii) that the indemnity clause of the Placing Agreement shall remain in full force and effect.

On 26th June, 2009, the Company and the Vendor entered into a termination agreement and agreed to terminate the Subscription Agreement and none of the parties shall have any continuing liability or obligations under or in respect of the Subscription Agreement or under or in respect of any other agreement or arrangement entered into or undertaken pursuant to the Subscription Agreement.

## **SUSPENSION AND RESUMPTION OF TRADING IN SHARES**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:36 a.m. on 25th June, 2009 pending release of an announcement regarding top-up placing of Shares. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 29th June, 2009.

## **DEFINITIONS**

*In this announcement, unless the context otherwise requires, the following terms shall have the respective meanings ascribed opposite to them:*

<b>“AGM”</b>	the annual general meeting of the Company held on 27th May, 2009;
<b>“Board”</b>	the board of Directors;
<b>“Company”</b>	Chinese Estates Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
<b>“Directors”</b>	the directors of the Company;
<b>“General Mandate”</b>	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM;
<b>“Guarantor”</b>	Mr. Joseph Lau, Luen-hung, Chairman, Chief Executive Officer and the controlling Shareholder;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Last Trading Day”</b>	24th June, 2009, being the last trading day of the Shares before the date of the Placing Agreement and the Subscription Agreement;
<b>“Option”</b>	the option granted by the Vendor in favour of the Placing Agents pursuant to the Placing Agreement;

<b>“Option Share(s)”</b>	Up to 29,500,000 additional Shares which may be required to be sold by the Vendor pursuant to the Option;
<b>“Placee(s)”</b>	any professional, institutional or other investor selected and procured by the Placing Agents to subscribe for any Placing Share pursuant to the provisions of the Placing Agreement;
<b>“Placing”</b>	the placing of the Placing Shares pursuant to the terms and conditions of the Placing Agreement;
<b>“Placing Agents”</b>	BNP Paribas Capital (Asia Pacific) Limited and Deutsche Bank AG, Hong Kong Branch;
<b>“Placing Agreement”</b>	the placing agreement dated 25th June, 2009 entered into among the Guarantor, the Vendor, the Placing Agents and the Company in relation to the Placing;
<b>“Placing Price”</b>	within the range of HK\$13.26 to HK\$14.17 per Placing Share or otherwise agreed by the Company, the Vendor, the Guarantor and the Placing Agents;
<b>“Placing Share(s)”</b>	initially the number of Shares to be sold by the Vendor pursuant to the Placing Agreement as determined by the Placing Agents in the book building process which shall be notified to the Vendor and if the Option is exercised, the sum of the additional number of Option Shares and such initial Shares;
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
<b>“Shareholders”</b>	holders of Shares of the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Subscription”</b>	the subscription for the Subscription Shares by the Vendor pursuant to the terms and conditions of the Subscription Agreement;
<b>“Subscription Agreement”</b>	the subscription agreement dated 25th June, 2009 entered into between the Vendor as subscriber and the Company as issuer in relation to the Subscription;
<b>“Subscription Price”</b>	within the range of HK\$13.26 to HK\$14.17 per Subscription Share or otherwise agreed by the Company, the Vendor, the Guarantor and the Placing Agents, which is equal to the Placing Price;
<b>“Subscription Shares”</b>	such number of Shares which is equivalent to the number of the Placing Shares sold by the Vendor under the Placing Agreement;

**“Vendor”** Joseph Lau Luen Hung Investments Limited, a company incorporated in the British Virgin Islands and a substantial Shareholder; and

**“%”** per cent.

By order of the Board  
**Lam, Kwong-wai**  
*Company Secretary*

Hong Kong, 26th June, 2009

*As at the date of this announcement, the Board comprised Mr. Joseph Lau, Luen-hung as Executive Director, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.*

If there is any inconsistency between the English version and the Chinese version of this announcement, the English version shall prevail.

*Website: <http://www.chineseestates.com>*