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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

MAJOR AND CONNECTED TRANSACTIONS DISPOSAL OF SUBSIDIARIES

Financial adviser to the Company



The Board announces that on 1 September 2014, each of the following SP Agreements was entered into among the subsidiaries of the Company as vendors, the Company as vendor guarantor, companies wholly owned by Mr. Lau as purchasers and Mr. Lau as purchaser guarantor:

1. the Moon Ocean SP Agreement; and
2. the Silvercord SP Agreements (comprising the Silvercord First SP Agreement, the Silvercord Second SP Agreement and the Silvercord Third SP Agreement).

The SP Agreements relate to, among other things:

- (a) the sale and purchase of the entire issued share capital of Value Eight (as contemplated under the Moon Ocean SP Agreement);

- (b) the sale and purchase of the entire issued share capital of Brass Ring (as contemplated under the Silvercord First SP Agreement);
- (c) the sale and purchase of the entire issued share capital of Union Leader (as contemplated under the Silvercord Second SP Agreement); and
- (d) the sale and purchase of the entire issued share capital of CE Finance (as contemplated under the Silvercord Third SP Agreement).

The provisional considerations payable under the Moon Ocean SP Agreement, the Silvercord First SP Agreement, the Silvercord Second SP Agreement and the Silvercord Third SP Agreement are approximately HK\$4,830.20 million, HK\$9,255.03 million, HK\$5.11 million and HK\$2 respectively.

Completion of each of the SP Agreements is conditional upon (i) the Independent Shareholders' Approval having been obtained; and (ii) the Board having approved the Moon Ocean Special Dividend and such Board approval remaining in full force and effect up to completion of the relevant SP Agreements.

As the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal Transactions on an aggregated basis exceed 25% but are less than 75%, the Disposal Transactions constitute major transactions for the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Mr. Lau, being a substantial Shareholder and a controlling Shareholder, who was interested in 1,430,700,768 Shares, representing approximately 74.99% of the total issued Shares as at the date of this announcement, is a director and the sole beneficial owner of the respective purchaser of each of the SP Agreements, Mr. Lau and the respective purchaser of each of the SP Agreements are connected persons of the Company. Accordingly, the Disposal Transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement and Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules.

A circular containing, among others, (i) details of the Disposal Transactions, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal Transactions, (iv) the valuation report on the Properties together with (v) the notice of SGM is expected to be despatched to the Shareholders on or before 23 September 2014.

Shareholders are reminded that as at the date of this announcement, the outcome of the Appeals in respect of the Macau Land lodged by Moon Ocean is yet available. There is no certainty at this stage whether judgment in the Appeals will or will not be made in favour of Moon Ocean and the implication of the different outcome of the Appeals which may result in the Macau Land may or may not be vested in Moon Ocean. Shareholders are therefore reminded to consider carefully the proposed Disposal Transactions and the terms thereof and make their own assessment and decision in considering whether or not to approve the Disposal Transactions. A circular will contain, among others, advice from the independent financial adviser as to whether or not the Disposal Transactions are fair and reasonable and in the interests of the Shareholders as a whole.

Shareholders and potential investors of the Company should note that completion of each of the Moon Ocean SP Agreement and the Silvercord SP Agreements is subject to the satisfaction of the Conditions Precedent, namely, the obtaining of the Independent Shareholders' Approval, the Board having approved the Moon Ocean Special Dividend with such Board approval remaining in full force and effect up to completion of each of the relevant SP Agreements. As at the date of this announcement, none of the Conditions Precedent has been satisfied and it is not certain at this stage as to whether the Board will approve the Moon Ocean Special Dividend. Therefore, the relevant Disposal Transactions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, 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.

INTRODUCTION: THE SP AGREEMENTS

The Board announces that on 1 September 2014, each of the following SP Agreements was entered into among the subsidiaries of the Company as vendors, the Company as vendor guarantor, companies wholly owned by Mr. Lau as purchasers and Mr. Lau as purchaser guarantor:

1. the Moon Ocean SP Agreement; and
2. the Silvercord SP Agreements (comprising the Silvercord First SP Agreement, the Silvercord Second SP Agreement and the Silvercord Third SP Agreement).

The SP Agreements relate to, among other things:

- (a) the sale and purchase of the entire issued share capital of Value Eight (as contemplated under the Moon Ocean SP Agreement);
- (b) the sale and purchase of the entire issued share capital of Brass Ring (as contemplated under the Silvercord First SP Agreement);
- (c) the sale and purchase of the entire issued share capital of Union Leader (as contemplated under the Silvercord Second SP Agreement); and
- (d) the sale and purchase of the entire issued share capital of CE Finance (as contemplated under the Silvercord Third SP Agreement).

The major terms of each of the SP Agreements are set out below:

(I) The Moon Ocean SP Agreement

Parties

- (a) Data Dynasty, as vendor;
- (b) the Company, as vendor guarantor;
- (c) One Midland, as purchaser; and

(d) Mr. Lau, as purchaser guarantor.

In consideration of One Midland and Mr. Lau entering into the Moon Ocean SP Agreement, the Company has agreed to guarantee the performance by Data Dynasty of its obligations under the Moon Ocean SP Agreement. In consideration of Data Dynasty and the Company entering into the Moon Ocean SP Agreement, Mr. Lau has agreed to guarantee the performance by One Midland of its obligations under the Moon Ocean SP Agreement.

Assets to be disposed

The Moon Ocean Sale Share and the Moon Ocean Sale Loan. As at 30 June 2014, the Moon Ocean Sale Loan amounted to approximately HK\$4,337.80 million based on the unaudited consolidated or combined accounts of the Moon Ocean Target Companies.

The Moon Ocean Sale Share to be acquired by One Midland shall be free from all encumbrances (if any) at completion of the Moon Ocean SP Agreement and with all dividends, benefits and other rights becoming attached or accruing thereto as from the Moon Ocean Completion Date.

Consideration

The Moon Ocean Consideration shall be equal to the aggregate of (but subject to a cap amount of HK\$5,800 million):

- (a) HK\$4,830,198,248, which represents the sum of (i) the aggregate total investment cost by the Group to the Moon Ocean Target Companies, before any impairment; and (ii) notional interest of (i) calculated at 1.5% per annum above HIBOR up to 30 June 2014;
- (b) the aggregate amount of the Moon Ocean Sale Loan to be advanced by the Group (other than the Moon Ocean Target Companies) from 1 July 2014 up to the Moon Ocean Completion Date solely for the purpose of financing the payment of the necessary expenditures incurred by the Moon Ocean Target Companies in their ordinary course of business; and

- (c) the total amount of notional interest on the net principal amount of the Moon Ocean Sale Loan outstanding (after deducting therefrom any amount due from any member of the Group (other than the Moon Ocean Target Companies) to any Moon Ocean Target Companies) from time to time accruing on a daily basis from 1 July 2014 up to the Moon Ocean Completion Date calculated at the rate of 1.5% per annum above HIBOR on the basis of the actual number of days elapsed and a year of 365 days from and including the first day of such period but excluding the last day thereof.

The Moon Ocean Consideration, which was determined after arm's length negotiations between Data Dynasty and One Midland with reference to the total investment costs relating to the Macau Land.

At completion of the Moon Ocean SP Agreement, One Midland shall pay to Data Dynasty the Moon Ocean Provisional Consideration. The difference between the Moon Ocean Provisional Consideration and the Moon Ocean Consideration will be settled in cash or cheque within 7 Business Days after the Moon Ocean Completion Accounts and a certificate confirming the final amount of the Moon Ocean Consideration and setting out the detailed calculation thereof have become available.

The Moon Ocean Provisional Consideration equals to the aggregate of the total investment costs relating to the Macau Land and the notional interest calculated up to 30 June 2014.

Deposits

Pursuant to the Moon Ocean SP Agreement, One Midland shall pay to Data Dynasty the Moon Ocean Deposits, which will be applied towards settlement of the Moon Ocean Provisional Consideration at completion.

If the Conditions Precedent shall have not been satisfied on or before the Moon Ocean Long Stop Date, or completion of the Moon Ocean SP Agreement does not proceed and such non-completion does not arise as a result of the default of One Midland or Mr. Lau under the Moon Ocean SP Agreement, Data Dynasty shall return the Moon Ocean Deposits (if any) without interest to One Midland within 7 Business Days after receiving a written demand from One Midland for the return.

If the Conditions Precedent shall have been satisfied but completion of the Moon Ocean SP Agreement does not proceed and such non-completion arises as a result of the default of One Midland or Mr. Lau under the Moon Ocean SP Agreement, such part of the Moon Ocean Deposits equivalent to 10% of the Moon Ocean Provisional Consideration shall be forfeited to Data Dynasty and, whereupon, the balance of the Moon Ocean Deposits (if any) then received by Data Dynasty will be retained by Data Dynasty as security for the payment of compensation for any additional losses and/or damages (if any) suffered by Data Dynasty arising from such default of One Midland and Mr. Lau until the losses suffered by Data Dynasty has been assessed in accordance with the Moon Ocean SP Agreement. Data Dynasty will, after deducting from the retained sum such losses so assessed to the extent exceeding the amount of the Moon Ocean Deposits so forfeited, return the remaining balance of the retained sum to One Midland. In the event the aggregate amount of the Moon Ocean Deposits received by Data Dynasty at the time of forfeiture shall be less than such part of the Moon Ocean Deposits equivalent to 10% of the Moon Ocean Provisional Consideration, Data Dynasty shall be entitled to forfeit the entire Moon Ocean Deposits and claim against One Midland to recover any further loss or damage (if any) suffered by Data Dynasty, which shall be equal to the amount of the losses and damages suffered by Data Dynasty, which is being assessed in accordance with the Moon Ocean SP Agreement less the total amount of the Moon Ocean Deposits so forfeited, arising from such default.

One Midland may elect to settle the Moon Ocean Provisional Consideration (or any part thereof) by procuring certain Shareholders to apply their Moon Ocean Dividend Entitlements, subject to completion of the Moon Ocean SP Agreement, towards the payment of the Moon Ocean Provisional Consideration and the Company will be authorized and instructed to pay such Moon Ocean Dividend Entitlements to Data Dynasty, in lieu of such Shareholders, to settle the Moon Ocean Provisional Consideration to the extent of the aggregate amount of such Moon Ocean Dividend Entitlements.

Post-completion Development Upside Sharing or Compensation Upside Sharing

Subject to completion of the Moon Ocean SP Agreement having occurred:

- (a) if judgments are made in favour of Moon Ocean in the Appeals and have become final and the title to the Macau Land is vested on Moon Ocean again, One Midland shall pay to Data Dynasty the Development Upside Sharing pursuant to the Moon Ocean SP Agreement; or
- (b) if judgments are made against Moon Ocean in the Appeals and have become final, One Midland shall pay to Data Dynasty the Compensation Upside Sharing pursuant to the Moon Ocean SP Agreement.

The aggregate amount of all the Development Upside Sharing or the Compensation Upside Sharing (as the case may be) payable by One Midland to Data Dynasty shall be subject to a maximum amount of HK\$12,500 million. In the event that the aggregate amount of all the Development Upside Sharing or the Compensation Upside Sharing (as the case may be) payable by One Midland exceeds HK\$12,500 million, subject to compliance with the then applicable requirements (if any) under Chapter 14 of the Listing Rules by the Company, including without limitation, Shareholders' approval (if necessary), One Midland shall pay to Data Dynasty the excess of the Development Upside Sharing or the Compensation Upside Sharing (as the case may be).

Information of the Moon Ocean Target Companies

Value Eight is an investment holding company incorporated in BVI and a direct wholly owned subsidiary of Data Dynasty. As at the date of this announcement, Value Eight holds investments relating to the Macau Land through the Moon Ocean Target Companies, including Moon Ocean. For further information of Moon Ocean and the Macau Land, please refer to the Previous Announcements. Other than the above, Value Eight does not have any other material assets. After completion of the Moon Ocean SP Agreement, One Midland will become the beneficial owner of the entire issued share capital of Value Eight and each of the Moon Ocean Target Companies will cease to be a subsidiary of the Company.

A summary of the unaudited consolidated or combined results of the Moon Ocean Target Companies for each of the two years ended 31 December 2012 and 2013 is set out below:

	For the year ended 31 December 2012 (HK\$ million)	For the year ended 31 December 2013 (HK\$ million)
Turnover	–	–
Loss before taxation	703	26
Loss after taxation	703	26
Loss attributable to the equity holder	703	26

As at 30 June 2014, the unaudited consolidated or combined net liability of the Moon Ocean Target Companies was approximately HK\$2,408.81 million and the aggregate amount of the Moon Ocean Sale Loan was approximately HK\$4,337.80 million.

(II) The Silvercord First SP Agreement

Parties

- (a) Super Series, as vendor;
- (b) the Company, as vendor guarantor;
- (c) Fly High Target, as purchaser; and
- (d) Mr. Lau, as purchaser guarantor.

In consideration of Fly High Target and Mr. Lau entering into the Silvercord First SP Agreement, the Company has agreed to guarantee the performance by Super Series of its obligations under the Silvercord First SP Agreement. In consideration of Super Series and the Company entering into the Silvercord First SP Agreement, Mr. Lau has agreed to guarantee the performance by Fly High Target of its obligations under the Silvercord First SP Agreement.

Assets to be disposed

The Silvercord First Sale Share and the Silvercord First Sale Loan. As at 30 June 2014, the Silvercord First Sale Loan amounted to approximately HK\$8,906.88 million. In consideration for the sale or procurement of the sale of the Silvercord First Sale Share and the assignment or procurement of the assignment of the Silvercord First Sale Loan by Super Series to Fly High Target or its nominee(s), Fly High Target further agreed to assume or procure (through its nominee(s)) to assume the obligation of repayment of the Silvercord First Assumed Debt (if any) upon completion of the Silvercord First SP Agreement. As at 30 June 2014, there is no Silvercord First Assumed Debt.

The Silvercord First Sale Share to be acquired by Fly High Target shall be free from all encumbrances (if any) at completion of the Silvercord First SP Agreement and with all dividends, benefits and other rights becoming attached or accruing thereto as from the Silvercord Completion Date.

Consideration

The Silvercord First Consideration shall be equal to the aggregate of (but subject to a cap amount of HK\$10,500 million):

- (a) the consolidated net asset value or liability of the Silvercord First Target Companies (for the purpose of ascertaining such net asset value or liability, Fly High Target acknowledges and accepts that the Silvercord Properties shall have a value of HK\$9,290.80 million (being the market value of the Silvercord Properties as at 29 August 2014 valued by an independent property valuer) in the Silvercord First Completion Accounts); and
- (b) the aggregate face amount of the Silvercord First Sale Loan, less the aggregate face amount of the Silvercord First Assumed Debt.

At completion of the Silvercord First SP Agreement, Fly High Target shall pay to Super Series the Silvercord First Provisional Consideration. The difference between the Silvercord First Provisional Consideration and the Silvercord First Consideration will be settled in cash or cheque within 7 Business Days after the Silvercord First Completion Accounts have become available.

The Silvercord First Provisional Consideration equals to the aggregate of the unaudited consolidated net asset value of the Silvercord First Target Companies as at 30 June 2014 taking into account of the market value of the Silvercord Properties of HK\$9,290.80 million as valued by an independent property valuer as at 29 August 2014 as mentioned above and the unaudited figures of amounts of the Silvercord First Sale Loan less the Silvercord First Assumed Debt as at 30 June 2014.

Deposits

Pursuant to the Silvercord First SP Agreement, Fly High Target shall pay to Super Series the Silvercord Deposits, which will be applied towards settlement of the Silvercord First Provisional Consideration at completion.

If the Conditions Precedent shall have not been satisfied on or before the Silvercord Long Stop Date, or completion of the Silvercord First SP Agreement does not proceed and such non-completion does not arise as a result of the default of Fly High Target or Mr. Lau under the Silvercord First SP Agreement, Super Series shall return the Silvercord Deposits (if any) without interest to Fly High Target within 7 Business Days after receiving a written demand from Fly High Target for the return.

If the Conditions Precedent shall have been satisfied but completion of the Silvercord First SP Agreement does not proceed and such non-completion arises as a result of the default of Fly High Target or Mr. Lau under the Silvercord First SP Agreement, such part of the Silvercord Deposits equivalent to 10% of the Silvercord First Provisional Consideration shall be forfeited to Super Series and, whereupon, the balance of the Silvercord Deposits (if any) then received by Super Series will be retained by Super Series as security for the payment of compensation for any additional losses and/or damages (if any) suffered by Super Series arising from such default of Fly High Target and Mr. Lau until losses suffered by Super Series has been assessed in accordance with the Silvercord First SP Agreement. Super Series will, after deducting from the retained sum such losses so assessed to the extent exceeding the amount of the Silvercord Deposits so forfeited, return the remaining balance of the retained sum to Fly High Target. In the event the aggregate amount of the Silvercord Deposits received by Super Series at the time of forfeiture shall be less than such part of the Silvercord Deposits equivalent to 10% of the Silvercord First Provisional Consideration, Super Series shall be entitled to forfeit the entire Silvercord Deposits and claim against Fly High Target to recover any further loss or damage (if any) suffered by Super Series, which shall be equal to the amount of the losses and damages suffered by Super Series, which is being assessed in accordance with the Silvercord First SP Agreement less the total amount of the Silvercord Deposits so forfeited, arising from such default.

Fly High Target may elect to settle the Silvercord First Provisional Consideration (or any part thereof) by procuring certain Shareholders to apply their Silvercord Dividend Entitlements, subject to completion of the Silvercord First SP Agreement, towards the payment of the Silvercord First Provisional Consideration and the Company will be authorized and instructed to pay such Silvercord Dividend Entitlements to Super Series, in lieu of such Shareholders, to settle the Silvercord First Provisional Consideration to the extent of the aggregate amount of such Silvercord Dividend Entitlements.

Undertakings

Prior to completion of the Silvercord First SP Agreement, each of Fly High Target and Mr. Lau agrees to give and/or procure the provision of such guarantee or security as may be reasonably required by the relevant banks or lenders or beneficiaries of the CE Guarantees following or upon completion of the Silvercord First SP Agreement and the Silvercord Third SP Agreement.

Information of the Silvercord First Target Companies

Brass Ring is an investment holding company incorporated in BVI and a direct wholly owned subsidiary of Super Series. Silvercord is a property holding company incorporated in Hong Kong that owns the Silvercord Properties and a direct wholly owned subsidiary of Brass Ring. After completion of the Silvercord First SP Agreement, Fly High Target will become the beneficial owner of the entire issued share capital of Brass Ring, and each of the Silvercord First Target Companies will cease to be a subsidiary of the Company. As at the date of this announcement, other than the Silvercord Properties and certain pledged bank deposits, the Silvercord First Target Companies do not have any other material assets.

A summary of the unaudited consolidated results of the Silvercord First Target Companies for each of the two years ended 31 December 2012 and 2013 is set out below:

	For the year ended 31 December 2012 (HK\$ million)	For the year ended 31 December 2013 (HK\$ million)
Turnover	410	428
Fair value changes on investment properties	1,668	324
Profit before taxation	1,957	646
Profit after taxation	1,910	593
Profit attributable to the equity holder	1,910	593

As at 30 June 2014, the unaudited consolidated net asset value of the Silvercord First Target Companies was approximately HK\$348.14 million and the aggregate amount of the Silvercord First Sale Loan was approximately HK\$8,906.88 million.

Information on the Silvercord Properties

Silvercord is the owner of the Silvercord Properties, which details are set out below:

Silvercord Properties	Usage	Attributable interests to the Group
Shops, restaurant and coffee shop on basement, shops on lower ground floor, shops on ground floor (excluding shop no. 38), shops on 1st floor (excluding shop no. 39), shops on 2nd floor (excluding shop no. 41), the whole 3rd floor and car parking spaces nos. 2, 6, 8, 9, 21, 24, 25, 29, 34 and 35 on basement, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	Commercial	100%

(III) The Silvercord Second SP Agreement

Parties

- (a) Super Series, as vendor;
- (b) the Company, as vendor guarantor;
- (c) Fly High Target, as purchaser; and
- (d) Mr. Lau, as purchaser guarantor.

In consideration of Fly High Target and Mr. Lau entering into the Silvercord Second SP Agreement, the Company has agreed to guarantee the performance by Super Series of its obligations under the Silvercord Second SP Agreement. In consideration of Super Series and the Company entering into the Silvercord Second SP Agreement, Mr. Lau has agreed to guarantee the performance by Fly High Target of its obligations under the Silvercord Second SP Agreement.

Assets to be disposed

The Silvercord Second Sale Share and the Silvercord Second Sale Loan. As at 30 June 2014, the Silvercord Second Sale Loan amounted to approximately HK\$3.42 million. In consideration of the sale and procurement of the sale of the Silvercord Second Sale Share and the assignment and the procurement of the assignment of the Silvercord Second Sale Loan by Super Series to Fly High Target or its nominee(s), Fly High Target further agreed to assume or procure (through its nominee(s)) to assume the obligation of repayment of the Silvercord Second Assumed Debt (if any) upon completion of the Silvercord Second SP Agreement. As at 30 June 2014, there is no Silvercord Second Assumed Debt.

The Silvercord Second Sale Share to be acquired by Fly High Target shall be free from all encumbrances (if any) at completion of the Silvercord Second SP Agreement and with all dividends, benefits and other rights becoming attached or accruing thereto as from the Silvercord Completion Date.

Consideration

The Silvercord Second Consideration shall be equal to the aggregate of (but subject to a cap amount of HK\$10 million):

- (a) the consolidated net asset value or liability of the Silvercord Second Target Companies (for the purpose of ascertaining such net asset value or liability, Fly High Target acknowledges and accepts that the Silvercord Carparking Spaces shall have a value of HK\$4.28 million (being the market value of the Silvercord Carparking Spaces as at 29 August 2014 valued by an independent property valuer) in the Silvercord Second Completion Accounts); and
- (b) the aggregate face amount of the Silvercord Second Sale Loan, less the aggregate face amount of the Silvercord Second Assumed Debt.

At completion of the Silvercord Second SP Agreement, Fly High Target shall pay to Super Series the Silvercord Second Provisional Consideration. The difference between the Silvercord Second Provisional Consideration and the Silvercord Second Consideration will be settled in cash or cheque within 7 Business Days after the Silvercord Second Completion Accounts have become available.

The Silvercord Second Provisional Consideration equals to the aggregate of the unaudited consolidated net asset value of the Silvercord Second Target Companies as at 30 June 2014 taking into account of the market value of the Silvercord Carparking Spaces of HK\$4.28 million as valued by an independent property valuer as at 29 August 2014 as mentioned above and the unaudited figures of the amounts of the Silvercord Second Sale Loan less the Silvercord Second Assumed Debt as at 30 June 2014.

Information of the Silvercord Second Target Companies

Union Leader is an investment holding company incorporated in BVI and a direct wholly owned subsidiary of Super Series. Each of Luck Business, Right Wide, Mark Best and Huge Top is a property holding company incorporated in Hong Kong that owns the Silvercord Carparking Spaces and a direct wholly owned subsidiary of Union Leader. After completion of the Silvercord Second SP Agreement, Fly High Target will become the beneficial owner of the entire issued share capital of Union Leader, and each of the Silvercord Second Target Companies will cease to be a subsidiary of the Company. As at the date of this announcement, other than the Silvercord Carparking Spaces, the Silvercord Second Target Companies do not have any other material assets.

A summary of the unaudited consolidated results of the Silvercord Second Target Companies for each of the two years ended 31 December 2012 and 2013 is set out below:

	For the year ended 31 December 2012 (HK\$'000)	For the year ended 31 December 2013 (HK\$'000)
Turnover	190	192
Fair value changes on investment properties	360	360
Profit before taxation	514	518
Profit after taxation	512	509
Profit attributable to the equity holder	512	509

As at 30 June 2014, the unaudited consolidated net asset value of the Silvercord Second Target Companies was approximately HK\$1.69 million and the aggregate amount of the Silvercord Second Sale Loan was approximately HK\$3.42 million.

Information on the Silvercord Carparking Spaces

Luck Business, Right Wide, Mark Best and Huge Top are the owners of the Silvercord Carparking Spaces, which details are set out below:

Silvercord Carparking Spaces	Usage	Attributable interests to the Group
Car parking spaces nos. 1, 7, 26 and 30 on basement, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	Commercial	100%

(IV) The Silvercord Third SP Agreement

Parties

- (a) CEL, as vendor;
- (b) the Company, as vendor guarantor;
- (c) Coast Field, as purchaser; and
- (d) Mr. Lau, as purchaser guarantor.

In consideration of Coast Field and Mr. Lau entering into the Silvercord Third SP Agreement, the Company has agreed to guarantee the performance by CEL of its obligations under the Silvercord Third SP Agreement. In consideration of CEL and the Company entering into the Silvercord Third SP Agreement, Mr. Lau has agreed to guarantee the performance by Coast Field of its obligations under the Silvercord Third SP Agreement.

Assets to be disposed

The Silvercord Third Sale Shares and the Silvercord Third Sale Loan. As at 30 June 2014, the Silvercord Third Sale Loan amounted to approximately HK\$2,336.79 million. In consideration of the sale and procurement of the sale of the Silvercord Third Sale Shares and the assignment and the procurement of the assignment of the Silvercord Third Sale Loan by CEL to Coast Field or its nominee(s), Coast Field further agreed to assume or procure (through its nominee(s)) to assume the obligation of repayment of the Silvercord Third Assumed Debt (if any) upon completion of the Silvercord Third SP Agreement. As at 30 June 2014, the Silvercord Third Assumed Debt amounted to approximately HK\$4,011.47 million.

The Silvercord Third Sale Shares to be acquired by Coast Field shall be free from all encumbrances (if any) at completion of the Silvercord Third SP Agreement and with all dividends, benefits and other rights becoming attached or accruing thereto as from the Silvercord Completion Date.

Consideration

The Silvercord Third Consideration shall be equal to the aggregate of (but subject to a cap amount of HK\$10 million):

- (a) the net asset value or liability of CE Finance; and
- (b) the aggregate face amount of the Silvercord Third Sale Loan, less the aggregate face amount of the Silvercord Third Assumed Debt.

If the Silvercord Third Consideration is a negative figure or less than HK\$2, the Silvercord Third Consideration shall be deemed to be HK\$2, and in addition, if it is a negative figure, CEL shall, within 7 Business Days after the determination of the Silvercord Third Consideration, pay to Coast Field the Negative Consideration as consideration for Coast Field in substance acquiring a negative equity of CE Finance, or in lieu of such direct payment of the Negative Consideration to Coast Field, the parties agree that the payment obligations of CEL for the Negative Consideration will be deemed fully satisfied and discharged if the Negative Consideration is set-off against and deducted from the Silvercord First Consideration payable by Fly High Target under the terms of the Silvercord First SP Agreement.

At completion of the Silvercord Third SP Agreement, Coast Field shall pay to CEL the Silvercord Third Provisional Consideration. The difference between the Silvercord Third Provisional Consideration and the Silvercord Third Consideration will be settled in cash or cheque within 7 Business Days after the Silvercord Third Completion Accounts have become available.

Undertakings

Prior to completion of the Silvercord Third SP Agreement, each of Coast Field and Mr. Lau agrees to give and/or procure the provision of such guarantee or security as may be reasonably required by the relevant banks or lenders or beneficiaries of the CE Guarantees following or upon completion of the Silvercord First SP Agreement and the Silvercord Third SP Agreement.

Information of CE Finance

CE Finance is a loan financing company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company. After completion of the Silvercord Third SP Agreement, Coast Field will become the beneficial owner of the entire issued share capital of CE Finance and CE Finance will cease to be a subsidiary of the Company. CE Finance has entered into several loan and security documents in relation to a term loan facility with certain banks and financial institutions. As at the date of this announcement, other than the Silvercord Third Assumed Debt, CE Finance does not have any material assets.

A summary of the audited results of CE Finance for each of the two years ended 31 December 2012 and 2013 is set out below:

	For the year ended 31 December 2012 (HK\$ million)	For the year ended 31 December 2013 (HK\$ million)
Turnover	160	167
Profit before taxation	2	952
Profit after taxation	2	952
Profit attributable to the equity holder	2	952

As at 30 June 2014, the unaudited net asset value of CE Finance was approximately HK\$1.07 million, the aggregate amount of the Silvercord Third Sale Loan was approximately HK\$2,336.79 million and the aggregate amount of the Silvercord Third Assumed Debt amounted to approximately HK\$4,011.47 million.

FINANCING UNDER THE SILVERCORD SP AGREEMENTS

Each of the vendors under the Silvercord SP Agreements has agreed that, if Fly High Target or Coast Field (as the case may be) needs to raise loans or other borrowings from banks or third parties for its payment of the Silvercord Provisional Consideration or the Silvercord Consideration or any part thereof, on the basis of the Silvercord Target Companies providing guarantees or securities (including securities on the Silvercord Properties or the Silvercord Carparking Spaces or any of them, as the case may be) to such banks or third parties, and if so requested by Fly High Target or Coast Field (as the case may be) and subject to compliance with all applicable laws and regulations, the vendor under the relevant Silvercord SP Agreement(s) will procure the Silvercord Target Companies to give reasonable assistance to Fly High Target or Coast Field (as the case may be) prior to or at completion of the relevant Silvercord SP Agreement(s) to facilitate the provision of such securities by the Silvercord Target Companies and the obtaining of such finance by Fly High Target or Coast Field (as the case may be) upon completion of the relevant Silvercord SP Agreement(s).

THE CONDITIONS PRECEDENT OF THE SP AGREEMENTS

Completion of each of the SP Agreements is conditional upon the satisfaction of the Conditions Precedent that (i) the Independent Shareholders' Approval having been obtained; and (ii) the Board having approved the Moon Ocean Special Dividend and such Board approval remaining in full force and effect up to completion of each of the relevant SP Agreements.

If the Conditions Precedent is not fulfilled on or before the Moon Ocean Long Stop Date or the Silvercord Long Stop Date (as the case may be), the SP Agreements shall thereupon terminate whereupon none of the parties shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the relevant SP Agreement(s)).

COMPLETION OF THE SP AGREEMENTS

Subject to the Conditions Precedent having been satisfied, completion of the Moon Ocean SP Agreement shall take place on the Moon Ocean Completion Date, and completion of the Silvercord SP Agreements shall take place on the Silvercord Completion Date upon and subject to their respective terms. Completion of all the Silvercord SP Agreements shall take place simultaneously.

EFFECT OF THE DISPOSAL TRANSACTIONS

After completion of the Moon Ocean SP Agreement and the Silvercord SP Agreements respectively, the Moon Ocean Target Companies, the Silvercord First Target Companies, the Silvercord Second Target Companies and CE Finance will cease to be subsidiaries of the Company respectively, and their financial results, assets and liabilities will cease to be consolidated with the accounts of the Company.

The Moon Ocean SP Agreement

It is estimated that the Group will record a gain of approximately HK\$2,901 million on completion of the Moon Ocean SP Agreement. Such gain is estimated based on the Moon Ocean Provisional Consideration, less the carrying amount of net liability of the Moon Ocean Target Companies and the Moon Ocean Sale Loan as at 30 June 2014. However transaction costs of the disposal of the Moon Ocean Target Companies of approximately HK\$7 million will be deducted from the gain above. The actual gain on completion of the Moon Ocean SP Agreement might be different given that the above estimate is based on the net liability and the Moon Ocean Sale Loan as at 30 June 2014 which might be different from those on the Moon Ocean Completion Date.

The Silvercord SP Agreements

It is estimated that the Group will record no gain or loss on completion of the Silvercord SP Agreements. Such gain or loss is estimated based on the Silvercord Provisional Consideration, less (i) the aggregate carrying amount of the net asset value or net liability (as the case may be) of the Silvercord First Target Companies, the Silvercord Second Target Companies and CE Finance as at 30 June 2014 after adjusting the carrying amounts of the Properties to their market values as at 29 August 2014, and (ii) the Silvercord Sale Loans less the Silvercord Assumed Debts as at 30 June 2014. However transaction costs of the disposal of the Silvercord First Target Companies, the Silvercord Second Target Companies and CE Finance of approximately HK\$7 million will be recorded as a loss on disposal. The actual gain or loss on completion of the Silvercord SP Agreements might be different given that the above estimate is based on the net asset value or net liability (as the case may be), the Silvercord Sale Loans and the Silvercord Assumed Debts as at 30 June 2014, and the market values of the Properties as at 29 August 2014 which might be different from those on the Silvercord Completion Date.

COMPETING INTERESTS

In consideration of Super Series and the Company entering into each of the Silvercord First SP Agreement and the Silvercord Second SP Agreement, Mr. Lau has undertaken to Super Series and the Company in each of the Silvercord First SP Agreement and the Silvercord Second SP Agreement that so long as he and/or his close associate(s) (including without limitation Fly High Target) is/are the Relevant Owner(s) and so long as he or his close associate(s) is a director of the Company, whenever there is any Potential Tenant approaching the Relevant Owner or its agent for a Potential Lease, Mr. Lau will not and, will procure the Relevant Owner not to, accept or enter into the Potential Lease unless the followings steps have been done:–

- (a) the Relevant Owner has notified the Company (or any person designated by the Company from time to time to receive notification from the Relevant Owner for such purpose) the opportunity for the Potential Lease and referred the Potential Tenant to the Group for a potential lease, tenancy or license of the properties owned by the Group, except that no such notification and referral need to be made by the Relevant Owner if the Potential Tenant disagrees with or refuses to such notification and referral (in which case the Relevant Owner shall be free to take up the Potential Lease); and

- (b) following the notification and referral mentioned in paragraph (a) above, the Group has decided not to accept the Potential Tenant for the lease, tenancy or licence of its properties and conveyed its decline decision to the Relevant Owner or the Group has not notified in writing to the Relevant Owner its decision to accept the Potential Tenant within 3 weeks of the notification and referral mentioned in paragraph (a) above.

The Board (excluding the independent non-executive Directors, whose views will be provided after taking into account the opinion and advice from the independent financial adviser to be appointed) considers that the above measures are able to resolve the potential competition conflict between Mr. Lau or his close associate(s) and the Group that may follow from completion of the Disposal Transactions.

REASONS FOR AND BENEFITS OF THE DISPOSAL TRANSACTIONS

The Moon Ocean SP Agreement

As disclosed in the Previous Announcements, Moon Ocean lodged the Appeals to the Court of Second Instance of Macau against each of the Decision and the Second Decision made by the Chief Executive of Macau. In case the Decision and the Second Decision become final before the Moon Ocean Completion Date, the Group will seek legal advice for appropriate actions to be taken in respect of the Macau Land. Based on Macau Legal Opinion, the Directors are of the opinion that (1) it is probable for the Group to recover the construction costs and the project costs incurred in the Development; and (2) by mere operation of the laws of Macau, the Original Owners and Macau government shall be obliged to return the land costs and the premium of the Macau Land to Moon Ocean should the outcome of the Appeals be unfavorable to Moon Ocean. The Group is determined to pursue claims it may have against the Macau government and/or the Original Owners and/or such other appropriate parties for compensation against the losses suffered or may be suffered by the Group.

Given that it is uncertain when the judgments of these appeal proceedings would be handed down, Moon Ocean has arranged for the revocation and cancellation of the binding letters of offer and the promissory sale and purchase agreements of the presold property units under the Development after taking into account the general preference of the promissory purchasers who wish to have an early revocation and cancellation. As at the date of this announcement, about 94% of the binding letters of offer and the promissory sale and purchase agreements of the presold property units under the Development have been revoked and cancelled.

During the course of developing the Macau Land, Moon Ocean has entered into construction and consultancy contracts with contractors and consultants, which the estimated outstanding committed amount thereunder amounted to approximately HK\$2.8 billion as at 30 June 2014. Should the final outcome of the Appeals be unfavourable to the Group, Moon Ocean may consider entering into cancellation agreements with these contractors and consultants. As such, it may be necessary to make adjustments to the liabilities arising from the outstanding contractual obligations under these construction and consultancy contracts should there be claims from the construction contractors and consultants.

Over the past some two years, the management of the Company has spent a significant portion of their management time and effort to respond to the administrative procedures for repossession of the Macau Land initiated by the Macau government. At present, it is uncertain when the judgments of these appeal proceedings would be handed down. In addition, it is not possible to predict and determine the outcome of the Appeals, and any possible claims from outstanding promissory buyers and construction contractors and consultants at this stage.

The Board is of the view that the Moon Ocean SP Agreement provides a good opportunity for the Group to dispose of such investment. The Directors are also of the view that the proposed disposal contemplated under the Moon Ocean SP Agreement would allow the Group to recover the original investment costs (without any impairment) in the Macau Land together with the cost of funding the Macau Land. The Directors believe that other than the purchaser, there is no other buyer in the market who will be willing to buy the Macau Land at the original investments costs plus funding costs of the Group at this point in time. For this reason, the Directors believe that the realizable value of the Macau Land, if any, would be substantially lower than the original investment costs of the Group. On the other hand, after completion of the Moon Ocean SP Agreement, the Group would be able to focus on other existing business operations of the Group and pursue other investment opportunities when available.

Taking into consideration of the aforementioned, the Board (excluding the independent non-executive Directors, whose views will be provided after taking into account the opinion and advice from the independent financial adviser to be appointed) considers that the terms of the Moon Ocean SP Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Silvercord SP Agreements

The Board is of the view that the transactions contemplated under the Silvercord SP Agreements provide a good opportunity for the Group to realize a sizable portion of its retail property portfolio in Hong Kong. In this relation, the Directors have taken into account the fact that the Properties are properties with strata title and no redevelopment potential.

The Board (excluding the independent non-executive Directors, whose views will be provided after taking into account the opinion and advice from the independent financial adviser to be appointed) considers that the terms of each of the Silvercord SP Agreements are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business and in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Subject to the then financial and cashflow position of the Group at the respective point in time prior to the completion of each of the Moon Ocean SP Agreement and the Silvercord SP Agreements and assuming the Disposal Transactions shall have been approved by Independent Shareholders at the SGM, it is currently intended that the aggregate amounts approximate to but not more than the total sale proceeds which may be generated from the Disposal Transactions may be distributed, in one or more phases, to the Shareholders as cash special interim dividend (which is payable out of retained profits of the Company) and/or cash special interim distribution (which is payable out of contributed surplus of the Company) (collectively the “Special Dividends”). In this regard, the Disposal Transactions would enable the Shareholders to benefit from the Special Dividends of an aggregate sums approximate to but not more than the sale proceeds of the Disposal Transactions. The Board will take into account the then financial and cashflow position of the Group at the respective point in time and the progress of the development of each of the Moon Ocean SP Agreement and the Silvercord SP Agreements before any such Special Dividends is/are proposed and declared. Further announcement(s) would be made by the Company in relation to the proposed distribution of the Special Dividends, if any, as and when appropriate.

INFORMATION OF THE GROUP AND THE VENDORS

The Group is principally engaged in property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading. Each of Data Dynasty and Super Series is an investment holding company incorporated in BVI and an indirect wholly owned subsidiary of the Company. CEL is an investment holding company incorporated in Hong Kong and a direct wholly owned subsidiary of the Company.

INFORMATION OF THE PURCHASERS

Each of One Midland, Fly High Target and Coast Field is an investment holding company wholly owned and established by Mr. Lau for the purpose of holding the various assets to be acquired under the SP Agreements.

LISTING RULES IMPLICATION FOR THE DISPOSAL TRANSACTIONS

As the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal Transactions on an aggregated basis exceed 25% but are less than 75%, the Disposal Transactions constitute major transactions for the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Mr. Lau, being a substantial Shareholder and a controlling Shareholder, who was interested in 1,430,700,768 Shares, representing approximately 74.99% of the total issued Shares as at the date of this announcement, is a director and the sole beneficial owner of the respective purchaser of each of the SP Agreements, Mr. Lau and the respective purchaser of each of the SP Agreements are connected persons of the Company. Accordingly, the Disposal Transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement and Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules.

Pursuant to the Stock Exchange Undertaking, the Company has undertaken to the Stock Exchange that it will not enter into Specified Transactions with a Related Party which is for a consideration or in respect of a principal amount which, when aggregated with the consideration or principal amount of any other Specified Transaction(s) between the Company or any of its subsidiaries and any Related Party carried into effect during the previous twelve months, exceed HK\$200 million, unless the approval of the Shareholders at a general meeting of the Company at which the Related Party will abstain from voting is obtained. As Mr. Lau is a substantial Shareholder and controlling Shareholder of the Company and also a director and the sole beneficial owner of the respective purchaser of each of the SP Agreements, each of Mr. Lau and the respective purchaser of each of the SP Agreements is a Related Party for the purpose of the Stock Exchange Undertaking. The Disposal Transactions will therefore constitute Specified Transactions and will be subject to approval by the Shareholders at a general meeting of the Company at which any Shareholder who is a Related Party will abstain from voting.

GENERAL

A circular containing, among others, (i) details of the Disposal Transactions, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal Transactions, (iv) valuation report on the Properties together with (v) the notice of SGM is expected to be despatched to the Shareholders on or before 23 September 2014.

An independent financial adviser will be appointed to advise the Independent Board Committee of the Company and the Independent Shareholders regarding the Disposal Transactions. An Independent Board Committee of the Company has been appointed to advise the Independent Shareholders on whether or not the Disposal Transactions are in the interest of the Company and are fair and reasonable so far as the Independent Shareholders are concerned.

The Directors shall seek the approval of the Independent Shareholders on the Disposal Transactions at the SGM. Any Shareholders with a material interest in the Disposal Transactions and his/her/its associate(s) are required to abstain from voting on the resolution(s) approving the Disposal Transactions in accordance with Rule 14A.36 of the Listing Rules. Accordingly, Mr. Lau and his associate(s) will abstain from voting on the resolution(s) approving the Disposal Transactions. Any vote exercised by the Independent Shareholders at the SGM shall be taken by poll.

Shareholders are reminded that as at the date of this announcement, the outcome of the Appeals in respect of the Macau Land lodged by Moon Ocean is yet available. There is no certainty at this stage whether judgment in the Appeals will or will not be made in favour of Moon Ocean and the implication of the different outcome of the Appeals which may result in the Macau Land may or may not be vested in Moon Ocean. Shareholders are therefore reminded to consider carefully the proposed Disposal Transactions and the terms thereof and make their own assessment and decision in considering whether or not to approve the Disposal Transactions. A circular will contain, among others, advice from the independent financial adviser as to whether or not the Disposal Transactions are fair and reasonable and in the interests of the Shareholders as a whole.

Shareholders and potential investors of the Company should note that completion of each of the Moon Ocean SP Agreement and the Silvercord SP Agreements is subject to the satisfaction of the Conditions Precedent, namely, the obtaining of the Independent Shareholders' Approval, the Board having approved the Moon Ocean Special Dividend with such Board approval remaining in full force and effect up to completion of each of the relevant SP Agreements. As at the date of this announcement, none of the Conditions Precedent has been satisfied and it is not certain at this stage as to whether the Board will approve the Moon Ocean Special Dividend. Therefore, the relevant Disposal Transactions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, 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.

DEFINITIONS

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

“Appeals”	the appeals lodged by Moon Ocean to the Court of Second Instance of Macau against the Decision and the Second Decision on 14 September 2012 and 15 May 2013 respectively;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Brass Ring”	Brass Ring Limited, a company incorporated in BVI and an indirect wholly owned subsidiary of the Company;
“Business Day(s)”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong;
“BVI”	the British Virgin Islands;

“CE Finance”	Chinese Estates and Finance, Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company;
“CE Guarantees”	any guarantee, surety, security or indemnity given by any member of the Group (excluding the Silvercord Target Companies) in respect of the obligations or liabilities of any of the Silvercord Target Companies;
“CEL”	Chinese Estates, Limited, a company incorporated in Hong Kong and a direct wholly owned subsidiary of the Company;
“CE (Macau)”	Chinese Estates (Macau) Limited, a company incorporated in Macau and an indirect wholly owned subsidiary of the Company;
“Claim(s)”	any claim (whether in contract, tort or otherwise) by the purchaser, its nominee(s) and/or Mr. Lau under the Moon Ocean SP Agreement for the losses, damages, liabilities, costs, expenses and/or interests suffered or incurred by it in respect of a breach by Data Dynasty, the Company or any other member of the Group before completion of the Moon Ocean SP Agreement any of the warranties or any other terms, provisions and covenants under the Moon Ocean SP Agreement, the sale loan assignment and the deed of indemnity or in relation to the transactions contemplated thereunder;
“Claim Proceeds”	the total amount of all damages, compensation, refund or other monies received by any of Moon Ocean Target Companies from all claims made against third parties in relation to the Macau Land, the Development, the Decision or the Second Decision;
“close associate(s)”	has the meaning ascribed to it in the Listing Rules;

“Coast Field”	Coast Field Ltd., a company incorporated in BVI and wholly owned by Mr. Lau indirectly;
“Company”	Chinese Estates Holdings Limited (Stock Code: 127), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“Compensation Upside Sharing”	<p data-bbox="683 575 1369 616">an additional sum (if a positive figure) of 20% of:</p> <ul style="list-style-type: none"> <li data-bbox="683 674 1086 714">(i) the Claim Proceeds less <li data-bbox="683 772 1449 1863">(ii) the aggregate amount of: <ul style="list-style-type: none"> <li data-bbox="756 869 1449 1055">(a) the total amount of the Moon Ocean Consideration (less all sums recovered from Claims as at the Compensation Upside Sharing Determination Date); <li data-bbox="756 1113 1398 1153">(b) the Moon Ocean Post-Completion Costs; <li data-bbox="756 1211 1449 1435">(c) the total amount of interest and other costs incurred for the purpose of funding or attributable to any matter whatsoever in relation to the Macau Land or the Development; and <li data-bbox="756 1494 1449 1863">(d) the total amount of all tax incurred or paid by any of the Moon Ocean Target Companies after the Moon Ocean Completion Date in relation to the Macau Land and the Development (including without limitation any tax liabilities incurred as a result of the profits derived from the Claim Proceeds);

“Compensation Upside Sharing Determination Date”	each date of receipt of any Claim Proceeds;
“Conditions Precedent”	the conditions precedent to the completion of each of the SP Agreements as set out in the section headed “The Conditions Precedent of the SP Agreements” of this announcement;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Data Dynasty”	Data Dynasty Limited, a company incorporated in BVI and an indirect wholly owned subsidiary of the Company;
“Decision”	has the meaning ascribed thereto in the announcement of the Company dated 28 August 2012;
“Development”	the property development known as “La Scala” to be developed on the Macau Land;
“Development Upside Sharing”	an additional sum (if a positive figure) of 20% of: <ul style="list-style-type: none"> (i) the total amount of the Sale Proceeds plus Claim Proceeds less (ii) the aggregate sum of: <ul style="list-style-type: none"> (a) the total amount of the Moon Ocean Consideration (less all sums recovered from Claims as at the Development Upside Sharing Determination Date);

- (b) the total amount of the costs and expenses incurred or paid by Moon Ocean or any of the Moon Ocean Target Companies after completion of the Moon Ocean SP Agreement up to the Development Upside Sharing Determination Date in relation or attributable to the acquisition, development, maintenance, sale or disposal of the Macau Land or the Development or any part thereof;
- (c) the total amount of interest and other costs incurred for the purpose of funding or attributable to any matter whatsoever in relation to the Macau Land or the Development; and
- (d) the total amount of all tax incurred or paid by Moon Ocean or any of the Moon Ocean Target Companies after the Moon Ocean Completion Date in relation to the acquisition, development, maintenance, sale and disposal of the Development or any units therein and for this purpose, such tax liability shall be calculated as if the unsold units of the Development had been sold at the relevant current market value thereof on the Development Upside Sharing Determination Date;

“Development Upside Sharing Determination Date”	in relation to each phase of the Development, the first anniversary of the date on which all construction and fitting out works for such phase of the Development have been completed and all units of such phase of the Development are ready for handover to purchasers, and all governmental approvals or permits (if any) for the occupation of the units of such phase of the Development have been obtained;
“Director(s)”	director(s) of the Company;
“Disposal Transactions”	the sale and purchase transactions contemplated under the SP Agreements;
“Evergo Property Management (Macau)”	Evergo Property Management (Macau) Limited, a company incorporated in Macau and an indirect wholly owned subsidiary of the Company;
“Fly High Target”	Fly High Target Limited, a company incorporated in BVI and wholly owned by Mr. Lau indirectly;
“Grand Silver”	Grand Silver Limited (carrying on business in Hong Kong as Grand Silver Capital Limited), a company incorporated in BVI and an indirect wholly owned subsidiary of the Company;
“Grand Total”	Grand Total Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HIBOR”	in relation to any date, the applicable screen rate as of 11:00 am (Hong Kong time) on the last Business Day of the calendar month in which such date falls for the offering of deposits in Hong Kong dollars and for a period of one month;

“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Huge Top”	Huge Top Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company;
“Independent Board Committee”	the board committee comprising all independent non-executive Directors, namely Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun, which has been established by the Board for the purpose of advising the Independent Shareholders in relation to the transactions contemplated under the SP Agreements;
“Independent Shareholders”	Shareholders other than Shareholders who have a material interest in the Disposal Transactions (including Mr. Lau and his associate(s));
“Independent Shareholders’ Approval”	approval by the Independent Shareholders at the SGM in respect of the transactions contemplated under each of the SP Agreements;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Luck Business”	Luck Business Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company;

“Macau”	the Macau Special Administrative Region of the People’s Republic of China;
“Macau Land”	the five plots of land adjacent to the Macau International Airport (according to the Group’s record, formerly known as Lots 1C; 2; 3; 4 and 5 (parcels 5A, 5B and C), Avenida Wai Long, Taipa, Macau, which were registered in the Macau Land Registry under Nos. 22993, 22991, 22995, 22990 and 22989 and later revised as Lots 1C1; 1C2; 1C3; 2a; 2b; 2d; 3; 4a; 4b; 5a1; 5a2; 5a3; 5b1; 5b2; 5b3; 5b4; 5b5; 5b6; A3a; A3b; A4a; A4b; E1a; E1b; E2 and E3 which are registered in the Macau Land Registry under No. 22989 as per the 2011 Revision (as defined in the announcement of the Company dated 5 September 2012));
“Macau Legal Opinion”	has the meaning ascribed to it in the Company’s 2013 annual report;
“Mark Best”	Mark Best Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company;
“Megafortune”	Megafortune Incorporated, a company incorporated in BVI and an indirect wholly owned subsidiary of the Company;
“Moon Ocean”	Moon Ocean Ltd., a company incorporated in BVI and an indirect wholly owned subsidiary of the Company;

“Moon Ocean Completion Accounts”	the unaudited consolidated statement of comprehensive income of the Moon Ocean Target Companies for the period from 1 January 2014 and ending on the Moon Ocean Completion Date and the unaudited consolidated statement of financial position of the Moon Ocean Target Companies as at the Moon Ocean Completion Date, each prepared in accordance with HKFRS;
“Moon Ocean Completion Date”	any Business Day falling within one-month after the Conditions Precedent are satisfied as shall be agreed between the vendor and the purchaser under the Moon Ocean SP Agreement for the purpose of the completion of the Moon Ocean SP Agreement, or failing agreement, the last Business Day during the aforesaid one-month period;
“Moon Ocean Consideration”	the aggregate consideration for the purchase of the Moon Ocean Sale Share and the Moon Ocean Sale Loan pursuant to the Moon Ocean SP Agreement;
“Moon Ocean Deposits”	the aggregate amounts equivalent to (i) the Moon Ocean Special Dividend (if approval from the Board has been obtained) receivable by Global King (PTC) Ltd. and Joseph Lau Luen Hung Investments Limited as Shareholders; and (ii) additional deposits of any amount on top of the aforesaid amount of dividends and distribution, to be paid by One Midland to Data Dynasty prior to completion of the Moon Ocean SP Agreement pursuant to the Moon Ocean SP Agreement;
“Moon Ocean Dividend Entitlements”	the entitlements to the Moon Ocean Special Dividend by certain Shareholders whom have executed and delivered to Data Dynasty and the Company the Moon Ocean Letter of Payment Direction;

“Moon Ocean Letter of Payment Direction”	a letter of payment direction regarding the entitlements to the Moon Ocean Special Dividend by certain Shareholders;
“Moon Ocean Long Stop Date”	31 January 2015 or such other date as may be agreed between the vendor and the purchaser under the Moon Ocean SP Agreement;
“Moon Ocean Post-Completion Costs”	the total amount of all costs and expenses incurred by Moon Ocean Target Companies after the Moon Ocean Completion Date up to the Compensation Upside Sharing Determination Date in relation to the Macau Land and the Development (including without limitation all professional fees relating to the Appeals, all professional fees, refund, damages and compensation in relation to any promissory sale agreements and construction and consultancy contracts, all professional and other costs and expenses incurred in relation to claims made against third parties, all in-house staff and overheads);
“Moon Ocean Provisional Consideration”	a sum of HK\$4,830,198,248 as the provisional consideration payable by One Midland under the Moon Ocean SP Agreement;
“Moon Ocean Sale Loan”	all sums due by the Moon Ocean Target Companies to members of the Group (other than the Moon Ocean Target Companies) as at the Moon Ocean Completion Date;
“Moon Ocean Sale Share”	the one share beneficially owned by and registered in the name of Data Dynasty, representing the entire issued share capital of Value Eight (which ultimately owns Moon Ocean);

“Moon Ocean SP Agreement”	the sale and purchase agreement dated 1 September 2014 and entered into among Data Dynasty, the Company, One Midland and Mr. Lau relating to the entire issued share capital of Value Eight;
“Moon Ocean Special Dividend”	one or more special cash distribution(s) or interim dividend(s) proposed to be declared and paid by the Company to the Shareholders (the amount of each such dividend or distribution per Share to be determined by the Board), the record date and payment date for which shall fall on or before the Moon Ocean Completion Date;
“Moon Ocean Target Companies”	Value Eight, Union Team, Megafortune, Grand Total, Moon Ocean, CE (Macau), Evergo Property Management (Macau), Strong Well, Grand Silver and Silver Jade collectively;
“Mr. Lau”	Mr. Joseph Lau, Luen-hung, a substantial Shareholder and a controlling Shareholder;
“Negative Consideration”	a sum equal to the amount of the Silvercord Third Consideration (in the event it is a negative figure) as if it were a positive figure for the purpose of the Silvercord Third Consideration and subject to such amount not exceeding HK\$2,500 million;
“One Midland”	One Midland Limited, a company incorporated in BVI and wholly owned by Mr. Lau indirectly;
“Original Owners”	has the meaning ascribed to it in the announcement of the Company dated 17 June 2012;
“Potential Lease”	a potential lease, tenancy or license of the Properties or any part thereof;

“Potential Tenant”	any potential or prospective tenant or licensee of the Properties;
“Previous Announcements”	the announcements of the Company dated 17 April, 23 May, 24 May, 6 June, 17 June, 14 August, 28 August, 5 September and 14 September 2012, 16 April, 15 May and 15 October 2013 and 12 May, 13 June and 28 August 2014;
“Properties”	the Silvercord Properties and the Silvercord Carparking Spaces collectively;
“Related Party”	for the purpose of the Stock Exchange Undertaking, a director, substantial shareholder, a subsidiary associated company of the Company (other than a wholly owned subsidiary of the Company) or an associate of any such person, save that any associated company of the Company which was formed with other independent third parties who is/are not connected person(s) (as defined in the Listing Rules) of the Company as a joint venture consortium to engage in real property development projects will not be regarded as a Related Party pursuant to the Stock Exchange Undertaking;
“Relevant Owner(s)”	Mr. Lau and/or his close associate(s) (including without limitation Fly High Target) who is/are the owner(s) of the relevant properties;
“Right Wide”	Right Wide Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company;

“Sale Proceeds”	the sale proceeds from the sale or disposal of units in the Development and (where applicable) the current market value as at the Development Upside Sharing Determination Date of the unsold units of the Development;
“Second Decision”	has the meaning ascribed thereto in the announcement of the Company dated 15 May 2013;
“SGM”	a special general meeting of the Company to be convened for the purpose of the Independent Shareholders considering, and if thought fit, approving the Disposal Transactions;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Silver Jade”	Silver Jade Limited, a company incorporated in Macau and an indirect wholly owned subsidiary of the Company;
“Silvercord”	Silvercord Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company;
“Silvercord Assumed Debts”	the aggregate of the Silvercord First Assumed Debt, the Silvercord Second Assumed Debt and the Silvercord Third Assumed Debt;
“Silvercord Carparking Spaces”	the carparking spaces held directly by Luck Business, Right Wide, Mark Best and Huge Top, as set out under the section headed “Information on the Silvercord Carparking Spaces” of this announcement;

“Silvercord Completion Date”	any Business Day falling between 1 January 2015 and 31 December 2015 (both days inclusive) as shall be agreed between the vendor and the purchaser under the Silvercord SP Agreements for the purpose of completion of the Silvercord SP Agreements, or failing agreement, 31 December 2015;
“Silvercord Consideration”	the Silvercord First Consideration, the Silvercord Second Consideration or the Silvercord Third Consideration, as the case may be;
“Silvercord Deposits”	the aggregate amounts equivalent to (i) the Silvercord Special Dividend (if approval from the Board has been obtained) receivable by Global King (PTC) Ltd. and Joseph Lau Luen Hung Investments Limited as Shareholders; and (ii) additional deposits of any amount on top of the aforesaid amount of dividend and distribution, which Fly High Target shall be entitled to pay prior to completion of the Silvercord First SP Agreement pursuant to the Silvercord First SP Agreement;
“Silvercord Dividend Entitlements”	the entitlements to the Silvercord Special Dividend by certain Shareholders whom have executed and delivered to Super Series and the Company the Silvercord Letter of Payment Direction;
“Silvercord First Assumed Debt”	all sums due and owing to any of the Silvercord First Target Companies by any member of the Group (excluding the Silvercord Target Companies) as at the Silvercord Completion Date;

“Silvercord First Completion Accounts”	the unaudited consolidated income statement of the Silvercord First Target Companies for the period from 1 January 2015 and ending on the Silvercord Completion Date and the unaudited consolidated balance sheet of the Silvercord First Target Companies as at the Silvercord Completion Date, each prepared in accordance with HKFRS;
“Silvercord First Consideration”	the aggregate consideration for the purchase of the Silvercord First Sale Share and the Silvercord First Sale Loan pursuant to the Silvercord First SP Agreement;
“Silvercord First Provisional Consideration”	a sum of HK\$9,255,025,626 as the provisional consideration payable by Fly High Target pursuant to the Silvercord First SP Agreement;
“Silvercord First Sale Loan”	all sums due or owing by the Silvercord First Target Companies to members of the Group (other than the Silvercord Target Companies) as at the Silvercord Completion Date;
“Silvercord First Sale Share”	the one share beneficially owned by Super Series, representing the entire issued share capital of Brass Ring (which ultimately owns the Silvercord Properties);
“Silvercord First SP Agreement”	the sale and purchase agreement dated 1 September 2014 and entered into among Super Series, the Company, Fly High Target and Mr. Lau relating to the entire issued share capital of Brass Ring;
“Silvercord First Target Companies”	Brass Ring and Silvercord collectively;

“Silvercord Letter of Payment Direction”	a letter of payment direction regarding the entitlements to the Silvercord Special Dividend by certain Shareholders;
“Silvercord Long Stop Date”	31 January 2015 or such other date as may be agreed between the vendor and the purchaser under each of the Silvercord SP Agreements;
“Silvercord Properties”	the properties held directly by Silvercord as set out under the paragraph headed “Information on the Silvercord Properties” of this announcement;
“Silvercord Provisional Consideration”	the Silvercord First Provisional Consideration, the Silvercord Second Provisional Consideration or the Silvercord Third Provisional Consideration, as the case may be;
“Silvercord Sale Loans”	the aggregate of the Silvercord First Sale Loan, the Silvercord Second Sale Loan and the Silvercord Third Sale Loan;
“Silvercord Second Assumed Debt”	all sums due and owing to any of the Silvercord Second Target Companies by any member of the Group (excluding the Silvercord Target Companies) as at the Silvercord Completion Date;
“Silvercord Second Completion Accounts”	the unaudited consolidated income statement of the Silvercord Second Target Companies for the period from 1 January 2015 and ending on the Silvercord Completion Date and the unaudited consolidated balance sheet of the Silvercord Second Target Companies as at the Silvercord Completion Date, each prepared in accordance with HKFRS;

“Silvercord Second Consideration”	the aggregate consideration for the purchase of the Silvercord Second Sale Share and the Silvercord Second Sale Loan pursuant to the Silvercord Second SP Agreement;
“Silvercord Second Provisional Consideration”	a sum of approximately HK\$5,113,483 as the provisional consideration payable by Fly High Target to Super Series pursuant to the Silvercord Second SP Agreement;
“Silvercord Second Sale Loan”	all sums due or owing by the Silvercord Second Target Companies to members of the Group (other than the Silvercord Target Companies) as at the Silvercord Completion Date;
“Silvercord Second Sale Share”	the one share beneficially owned by Super Series, representing the entire issued share capital of Union Leader (which ultimately owns the Silvercord Carparking Spaces);
“Silvercord Second SP Agreement”	the sale and purchase agreement dated 1 September 2014 and entered into among Super Series, the Company, Fly High Target and Mr. Lau relating to the entire issued share capital of Union Leader;
“Silvercord Second Target Companies”	Union Leader, Huge Top, Luck Business, Mark Best and Right Wide collectively;
“Silvercord SP Agreements”	the Silvercord First SP Agreement, the Silvercord Second SP Agreement and the Silvercord Third SP Agreement collectively;

“Silvercord Special Dividend”	one or more special cash distribution(s) or interim dividend(s) proposed to be declared and paid by the Company to the Shareholders (the amount of each such dividend or distribution per Share to be determined by the Board) (excluding the Moon Ocean Special Dividend), the record date and payment date for which shall fall on or before the Silvercord Completion Date;
“Silvercord Target Companies”	Brass Ring, Silvercord, Union Leader, Luck Business, Right Wide, Huge Top, Mark Best and CE Finance collectively;
“Silvercord Third Assumed Debt”	all sums due and owing to CE Finance by any member of the Group (excluding the Silvercord Target Companies) as at the Silvercord Completion Date;
“Silvercord Third Completion Accounts”	the unaudited income statement of CE Finance for the period from 1 January 2015 and ending on the Silvercord Completion Date and the unaudited balance sheet of CE Finance as at the Silvercord Completion Date, each prepared in accordance with HKFRS;
“Silvercord Third Consideration”	the aggregate consideration for the purchase of the Silvercord Third Sale Shares and the Silvercord Third Sale Loan pursuant to the Silvercord Third SP Agreement;
“Silvercord Third Provisional Consideration”	a sum of HK\$2 as the provisional consideration pursuant to the Silvercord Third SP Agreement;
“Silvercord Third Sale Loan”	all sums due or owing by CE Finance to members of the Group (other than the Silvercord Target Companies) as at the Silvercord Completion Date;
“Silvercord Third Sale Shares”	the 1,000,000 shares beneficially owned by CEL, representing the entire issued share capital of CE Finance;

“Silvercord Third SP Agreement” the sale and purchase agreement dated 1 September 2014 and entered into among CEL, the Company, Coast Field and Mr. Lau relating to the entire issued share capital of CE Finance;

“SP Agreements” the Moon Ocean SP Agreement, the Silvercord First SP Agreement, the Silvercord Second SP Agreement and the Silvercord Third SP Agreement collectively;

“Specified Transaction(s)” for the purpose of the Stock Exchange Undertaking, transaction(s) between the Company or any of its subsidiaries and a Related Party

(a) any acquisition or disposal of assets by the Company or any of its subsidiaries whether in the ordinary and usual course of business of such company and/or on normal commercial terms or not;

(b) an arrangement or agreement whereby the Company or any of its subsidiaries directly or indirectly grants a loan or gives other financial assistance to a Related Party; or

(c) an arrangement or agreement whereby the Company or any of its subsidiaries provides security, whether by guarantee or otherwise, for the due discharge of any obligation of a Related Party;

which, in any such case, is for a consideration or in respect of a principal amount which, when aggregated with the consideration or principal amount of any other Specified Transaction(s) between the Company or any of its subsidiaries and any Related Party carried into effect during the previous twelve months, exceeds HK\$200 million;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Stock Exchange Undertaking”	the undertaking provided by the Company to the Stock Exchange dated 20 September 1990 (as supplemented on 8 January 1991 and amended by letter dated 24 September 1996 from the Stock Exchange);
“Strong Well”	Strong Well Limited, a company incorporated in BVI and an indirect wholly owned subsidiary of the Company;
“Super Series”	Super Series Limited, a company incorporated in BVI and an indirect wholly owned subsidiary of the Company;
“Union Leader”	Union Leader Limited, a company incorporated in BVI and an indirect wholly owned subsidiary of the Company;
“Union Team”	Union Team Limited, a company incorporated in BVI and an indirect wholly owned subsidiary of the Company;
“Value Eight”	Value Eight Limited, a company incorporated in BVI and an indirect wholly owned subsidiary of the Company; and
“%”	per cent.

By order of the Board

Lam, Kwong-wai

Executive Director and Company Secretary

Hong Kong, 2 September 2014

As at the date of this announcement, the Board comprised Mr. Lau, Ming-wai, Ms. Chan, Sze-wan, Mr. Lam, Kwong-wai and Ms. Lui, Lai-kwan as Executive Directors, Ms. Amy Lau, Yuk-wai as Non-executive Director, and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.

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