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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

On 21 March 2016, the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Seller to acquire the Property.

As one of the applicable percentage ratios in respect of the transaction contemplated under the Agreement exceeds 5% but is less than 25%, the Agreement and the Acquisition constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Agreement and the Acquisition are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 21 March 2016, the Purchaser entered into the Agreement with the Seller, pursuant to which the Purchaser agreed, among others, to acquire from the Seller the Property. The principal terms of the Agreement are set out below:-

Date:	21 March 2016
Parties:	Purchaser Seller
Subject Matter:	Property
Consideration:	The Consideration payable by the Purchaser to the Seller for the Acquisition is GBP182,800,000 (equivalent to approximately HK\$2,048,201,000) less the Rent Top Up (as defined below) and the SDLT Allowance (as defined below) (exclusive of value added tax).

An initial deposit of GBP36,560,000 (equivalent to approximately HK\$409,640,000) (exclusive of value added tax) was paid in cash by the Purchaser to the Seller's solicitors as stakeholders on the date of the Agreement. On Completion, the balance of the Consideration plus all other monies due under the Agreement shall be paid by the Purchaser to the Seller in cash.

The "**Rent Top Up**" means the figure produced by the following calculation and is part of the calculation of the Consideration:-

- (a) GBP250,000 (equivalent to approximately HK\$2,801,000) divided by 365 and multiplied by the number of days from and including Completion to and including 28 April 2020; plus
- (b) GBP294,112 (equivalent to approximately HK\$3,295,000) divided by 365 and multiplied by the number of days from and including Completion to and including 13 August 2017; plus
- (c) GBP18,975 (equivalent to approximately HK\$213,000) divided by 365 and multiplied by the number of days from and including 14 August 2017 to and including 13 August 2018; plus
- (d) either (i) if a lease of the Fourth Floor has been completed prior to Completion, then GBP983,360 (equivalent to approximately HK\$11,018,000) less the Fourth Floor Rent; or (ii) if a lease of the Fourth Floor has not been completed prior to Completion, then GBP0.

The "**SDLT Allowance**" means the figure produced by the following calculation and is part of the calculation of the Consideration:-

1% of [GBP182,800,000 (equivalent to approximately HK\$2,048,201,000) – the Rent Top Up]

Fourth Floor Lease: Between the date of the Agreement and Completion, the Seller shall continue to actively market the Fourth Floor at its own cost for an institutionally acceptable letting to an institutionally acceptable tenant and shall keep the Purchaser informed as to the progress of such marketing and any negotiations arising therefrom. The agreement to a new lease of the Fourth Floor shall be subject to prior approval of the Purchaser.

If no lease in respect of the Fourth Floor being completed before Completion and during the Guaranteed Rent Period (as defined below), the Seller shall pay to the Purchaser a guaranteed rent of GBP491,680 (equivalent to approximately HK\$5,509,000) per annum for the period commencing from Completion and expiring on the date which is 24 months from and including Completion (the "**Guaranteed Rent Period**").

If the lease of the Fourth Floor completes after Completion but during the Guaranteed Rent Period, the Seller shall pay to the Purchaser in clear funds within 10 working days of completion of such lease of the Fourth Floor a sum in accordance with the following formula:-

The sum of GBP983,360 (equivalent to approximately HK\$11,018,000) less the Fourth Floor Rent	–	the amount of guaranteed rent paid to the Purchaser by the Seller for the period from commencement of the Guaranteed Rent Period to completion of the lease of the Fourth Floor
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Risk of Property: With effect from the signing of the Agreement, as between the Seller and the Purchaser, the Property shall be at the risk of the Purchaser.

Completion shall take place on the Completion Date. The Consideration payable by the Purchaser under the Agreement will be settled by internal resources and / or funded by bank loan as appropriate.

The Agreement was on normal commercial terms and the terms of the Agreement were arrived at after arm's length negotiations between the parties. The Consideration is determined by reference to a valuation prepared by an independent property valuer in respect of the Property in its existing state with market value as at 18 March 2016 being GBP182,800,000 (equivalent to approximately HK\$2,048,201,000). The Directors, including the independent non-executive Directors, consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE PROPERTY

The Property is a mixed use building located in Oxford Street (the prime retail area in Central London) and Soho Street, London, UK and was built in 2015 on a freehold land site comprising approximately 55,162 square feet in aggregate. It provides retails, office and residential accommodation, occupying approximately 33,850 square feet, 13,735 square feet and 7,577 square feet respectively, over lower ground, ground and six upper floors. The retail area is currently occupied by a major international retail tenant with a long lease and save for the Fourth Floor, the Property is currently fully let. The total current passing rent of the Property is GBP4,816,630 (equivalent to approximately HK\$53,968,000) per annum, taking into account the benefit of the Rent Top Up and the rent guarantee provided by the Seller in relation to the Fourth Floor office accommodation which is currently vacant.

REASONS FOR THE ACQUISITION

The Acquisition is in line with the principal business of the Group in relation to property leasing. The Property will be held as investment property for long term capital growth and rental purpose. It is expected that the Property can generate a stable and recurrent income to the Group. It also enables the Group to expand and widen its presence in the property market and benefit the business development of the Group in UK.

INFORMATION ON THE GROUP AND THE PURCHASER

The Group is principally engaged in property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading. The Purchaser is an investment holding company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE SELLER

The Seller is a company incorporated in UK limited by guarantee, established to hold the assets of certain schemes as custodian trustee, including the assets of the unitised funds. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Seller and its ultimate beneficial owners are third parties independent of the Company and the connected person(s) of the Company.

GENERAL

As one of the applicable percentage ratios in respect of the transaction contemplated under the Agreement exceeds 5% but is less than 25%, the Agreement and the Acquisition constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Agreement and the Acquisition are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:-

“Acquisition”	the acquisition of the Property pursuant to the Agreement;
“Agreement”	a sale and purchase agreement between the Purchaser and the Seller in respect of the sale and purchase of the Property on 21 March 2016;
“Board”	the board of Directors;
“Company”	Chinese Estates Holdings Limited (stock code: 127), a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange;
“Completion”	the completion of the Agreement;
“Completion Date”	20 May 2016;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Consideration”	the consideration of the Acquisition;
“Director(s)”	the director(s) of the Company;
“Fourth Floor”	the fourth floor of the Property being office premises which are vacant and being marketed for letting as at the date of the Agreement;

“ Fourth Floor Rent ”	the aggregate principal rent reserved and payable by the tenant under the lease of the Fourth Floor for the period from and including Completion to but excluding the date two years after Completion;
“ Group ”	the Company and its subsidiaries;
“ Hong Kong ”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“ Listing Rules ”	the Rules Governing the Listing of Securities on the Stock Exchange in force for the time being;
“ Property ”	the freehold property at 61 to 67 (odd) Oxford Street and 11, 12, 13 and 14 Soho Street, London, UK;
“ Purchaser ”	Express Right Limited, a company incorporated in the British Virgin Islands with limited liability, being an indirect wholly-owned subsidiary of the Company;
“ SDLT ”	Stamp Duty Land Tax of UK;
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited;
“ Seller ”	British Airways Pension Trustees Limited, who and its ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, are third parties independent of the Company and the connected person(s) of the Company;
“ UK ”	the United Kingdom;
“ GBP ”	British Pounds, the lawful currency of UK;
“ HK\$ ”	Hong Kong dollars, the lawful currency of Hong Kong; and
“ % ”	per cent.

For illustration purpose of this announcement, save as otherwise stated herein, exchange rate of GBP1 = HK\$11.2046 has been used for conversion.

By order of the Board
Lam, Kwong-wai
Executive Director and Company Secretary

Hong Kong, 21 March 2016

As at the date of this announcement, the Board comprised Ms. Chan, Sze-wan, Ms. Chan, Lok-wan and Mr. Lam, Kwong-wai as Executive Directors, 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.

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