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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 5 December 2016, (i) Paul Y. as vendor, the Company as vendor guarantor, Creative Dragon Ventures as purchaser and Ms. Chan, Hoi-wan as purchaser guarantor entered into the Win Kings Disposal Agreement relating to, among others, the sale and purchase of the Win Kings Sale Share and the Win Kings Sale Loan and (ii) New Silver as vendor, the Company as vendor guarantor, Strong Point Ventures as purchaser and Mr. Lau, Ming-wai as purchaser guarantor entered into the Pinecrest Disposal Agreement relating to, among others, the sale and purchase of the Pinecrest Sale Share and the Pinecrest Sale Loan.

At completion of the Win Kings Disposal Agreement, Creative Dragon Ventures shall pay to Paul Y. the Win Kings Provisional Consideration. At completion of the Pinecrest Disposal Agreement, Strong Point Ventures shall pay to New Silver the Pinecrest Provisional Consideration.

Completion of each of the Disposal Agreements is conditional upon the obtaining of the approval by the Independent Shareholders at the SGM in respect of the relevant Disposal Agreements and the relevant Disposal Transactions.

As the Disposal Agreements were entered into within 12 months after the completion of the Windsor Agreements, and all such agreements were entered into by the Company with parties connected with each other, the Disposal Transactions and the Windsor Transactions are required to be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Disposal Transactions (when aggregated with the Windsor Transactions) exceed 25% but are less than 75%, the Disposal Transactions constitute major transactions for the Company and the Disposal Transactions are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Ms. Chan, Hoi-wan, being an associate of two Directors (Ms. Chan, Sze-wan and Ms. Chan, Lok-wan) and an associate of a substantial Shareholder and controlling Shareholder (Mr. Joseph Lau, Luen-hung), is the sole director and the sole beneficial owner of Creative Dragon Ventures, Ms. Chan, Hoi-wan and Creative Dragon Ventures are connected persons of the Company. In addition, as Mr. Lau, Ming-wai, being a Director, is the sole director and the sole beneficial owner of Strong Point Ventures, Mr. Lau, Ming-wai and Strong Point Ventures are connected persons of the Company. Accordingly, the Disposal Transactions also constitute connected transactions for the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among others, (i) details of the Disposal Agreements and 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; (iv) the valuation reports on the Properties; and (v) the notice of SGM is expected to be despatched to the Shareholders on or before 28 December 2016.

Shareholders and potential investors of the Company should note that completion of each of the Disposal Agreements is subject to the satisfaction of their respective condition precedent, namely, the obtaining of the approval by the Independent Shareholders at the SGM in respect of the relevant Disposal Agreement and the relevant Disposal Transaction. Therefore, the 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 DISPOSAL AGREEMENTS

The Board announces that on 5 December 2016, (i) Paul Y. as vendor, the Company as vendor guarantor, Creative Dragon Ventures as purchaser and Ms. Chan, Hoi-wan as purchaser guarantor entered into the Win Kings Disposal Agreement relating to, among others, the sale and purchase of the Win Kings Sale Share and the Win Kings Sale Loan free from all Encumbrances (where the relevant bank consents have been obtained, save for the Encumbrances created by the Win Kings Bank Loan Document(s)); and (ii) New Silver as vendor, the Company as vendor guarantor, Strong Point Ventures as purchaser and Mr. Lau, Ming-wai as purchaser guarantor entered into the Pinecrest Disposal Agreement relating to, among others, the sale and purchase of the Pinecrest Sale Share and the Pinecrest Sale Loan free from all Encumbrances.

The major terms of the Disposal Agreements are set out below:–

(1) THE WIN KINGS DISPOSAL AGREEMENT

Date

5 December 2016

Parties

- (a) Paul Y., as vendor;
- (b) the Company, as vendor guarantor;
- (c) Creative Dragon Ventures, as purchaser; and
- (d) Ms. Chan, Hoi-wan, as purchaser guarantor.

In consideration of Creative Dragon Ventures and Ms. Chan, Hoi-wan entering into the Win Kings Disposal Agreement, the Company has agreed to guarantee the performance by Paul Y. of its obligations under the Win Kings Disposal Agreement. In consideration of Paul Y. and the Company entering into the Win Kings Disposal Agreement, Ms. Chan, Hoi-wan has agreed to guarantee the performance by Creative Dragon Ventures of its obligations under the Win Kings Disposal Agreement.

Assets to be disposed of

The Win Kings Sale Share and the Win Kings Sale Loan.

In consideration for the sale or procurement of the sale of the Win Kings Sale Share and the assignment or procurement of the assignment of the Win Kings Sale Loan by Paul Y. to Creative Dragon Ventures or its nominee(s), Creative Dragon Ventures further agreed to assume or procure (through its nominee(s)) to assume the obligation of repayment of the Win Kings Assumed Debt (if any) upon completion of the Win Kings Disposal Agreement.

The Win Kings Sale Share to be acquired by Creative Dragon Ventures shall be free from all Encumbrances (where the relevant bank consents have been obtained, save for the Encumbrances created by the Win Kings Bank Loan Document(s)) and with all dividends, benefits and other rights becoming attached or accruing thereto as from the Win Kings Completion Date.

Information of the Win Kings Group

Win Kings is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of Paul Y.. Stable Castle is a property development company incorporated in Hong Kong that owns the Hong Kong Property and a direct wholly-owned subsidiary of Win Kings.

As at the date of this announcement, other than the Hong Kong Property, the Win Kings Group does not have any other material assets.

A summary of the unaudited consolidated results of the Win Kings Group for each of the two years ended 31 December 2014 and 2015 prepared in accordance with HKFRSs is set out below:–

	For the year ended 31 December 2014 <i>(HK\$ million)</i>	For the year ended 31 December 2015 <i>(HK\$ million)</i>
Revenue	-	-
Fair value changes on investment properties	62.3	226.0
Profit before tax	62.3	225.9
Profit after tax	62.3	225.9

As at 15 November 2016, the unaudited consolidated net asset value of the Win Kings Group was approximately HK\$234.0 million, the amount of the Win Kings Sale Loan was approximately HK\$512.2 million and the amount of the Win Kings Assumed Debt was nil.

Information of the Hong Kong Property

Hong Kong Property	Usage	Attributable interests to the Group
The piece of land situated at No. 12 Shiu Fai Terrace, Mid-Levels East, Hong Kong and the building now under construction thereon	Residential	100%

The Win Kings Consideration

The Win Kings Consideration shall be equal to the aggregate of (but subject to a cap amount of HK\$1,050 million):–

- (a) the consolidated net asset value or liability of the Win Kings Group as shown in the Win Kings Completion Accounts (for the purpose of ascertaining such consolidated net asset value or liability, Creative Dragon Ventures acknowledged and accepted that the Hong Kong Property and the development of the Hong Kong Property altogether shall have a combined value of HK\$910 million in the Win Kings Completion Accounts and that no works in progress in respect of the development of the Hong Kong Property shall be recognised as any assets in the Win Kings Completion Accounts as the above combined value of HK\$910 million for the Hong Kong Property and the development of the Hong Kong Property was agreed on the basis that the development of the Hong Kong Property had been completed); and
- (b) the aggregate face amount of the Win Kings Sale Loan, less the aggregate face amount of the Win Kings Assumed Debt and the Estimated Outstanding Development Costs.

At completion of the Win Kings Disposal Agreement, Creative Dragon Ventures shall pay to Paul Y. the Win Kings Provisional Consideration. The difference between the Win Kings Consideration and the Win Kings Provisional Consideration will be settled in cash or cheque within 7 Business Days after the Win Kings Completion Accounts have been delivered to Creative Dragon Ventures.

Deposits

Pursuant to the Win Kings Disposal Agreement, Creative Dragon Ventures shall pay to Paul Y. the Win Kings Deposits, which will be applied towards settlement of the Win Kings Provisional Consideration at completion of the Win Kings Disposal Agreement. Ms. Chan, Hoi-wan has agreed to procure Global King and JLLHIL to undertake to the Company and Paul Y. that they shall (as agents and on behalf of Creative Dragon Ventures) pay or procure to pay to the Company (as agent of Paul Y.) the aggregate amount of such Win Kings Special Dividend payable to them or their respective nominee(s) or custodian(s) by the Company (in the case of Global King, excluding the Win Kings Excluded Special Dividend) as payment of the Win Kings Deposits (or any part thereof).

If the Win Kings Condition Precedent shall not have been satisfied on or before the Win Kings Long Stop Date, or completion of the Win Kings Disposal Agreement does not proceed and such non-completion does not arise as a result of the default of Creative Dragon Ventures or Ms. Chan, Hoi-wan under the Win Kings Disposal Agreement, Paul Y. shall return the Win Kings Deposits (if any) without interest to Creative Dragon Ventures within 7 Business Days after receiving a written demand from Creative Dragon Ventures for the return.

If the Win Kings Condition Precedent shall have been satisfied but completion of the Win Kings Disposal Agreement does not proceed and such non-completion arises as a result of the default of Creative Dragon Ventures or Ms. Chan, Hoi-wan under the Win Kings Disposal Agreement, such part of the Win Kings Deposits equivalent to 10% of the Win Kings Provisional Consideration shall be forfeited to Paul Y. and, whereupon, the balance of the Win Kings Deposits (if any) then received by Paul Y. will be retained by Paul Y. as security for the payment of compensation for any additional losses and/or damages (if any) suffered by Paul Y. arising from such default until such losses and damages suffered by Paul Y. have been assessed in accordance with the Win Kings Disposal Agreement. Paul Y. will, after deducting from the retained sum such losses and damages so assessed to the extent exceeding the amount of the Win Kings Deposits so forfeited, return the remaining balance of the retained sum to Creative Dragon Ventures. In the event the aggregate amount of the Win Kings Deposits received by Paul Y. at the time of forfeiture shall be less than 10% of the Win Kings Provisional Consideration, Paul Y. shall be entitled to forfeit the entire Win Kings Deposits and claim against Creative Dragon Ventures and/or Ms. Chan, Hoi-wan to recover any further loss and/or damage (if any) suffered by Paul Y., which shall be equal to the amount of the losses and damages suffered by Paul Y. as assessed in accordance with the Win Kings Disposal Agreement less the total amount of the Win Kings Deposits so forfeited, arising from such default.

Creative Dragon Ventures may elect to settle the Win Kings Provisional Consideration (or any part thereof) by procuring certain Shareholders to apply their Win Kings Dividend Entitlements, subject to completion of the Win Kings Disposal Agreement, towards the payment of the Win Kings Provisional Consideration and the Company will be authorised and instructed to pay such Win Kings Dividend Entitlements to Paul Y., in lieu of such Shareholders, to settle the Win Kings Provisional Consideration to the extent of the aggregate amount of such Win Kings Dividend Entitlements.

Undertakings and Indemnity

Prior to completion of the Win Kings Disposal Agreement, each of Creative Dragon Ventures and Ms. Chan, Hoi-wan agrees to give and/or procure the provision of such guarantee, indemnity or security as may be reasonably required by the relevant banks or lenders or beneficiaries of the Win Kings CE Guarantee following or upon completion of the Win Kings Disposal Agreement to replace the Win Kings CE Guarantee.

Financing

Paul Y. has agreed that, if Creative Dragon Ventures needs to raise loans or other borrowings from banks or third parties for its payment of the Win Kings Provisional Consideration or the Win Kings Consideration or any part thereof, on the basis of the Win Kings Group providing guarantees or securities to such banks or third parties, and if so requested by Creative Dragon Ventures and subject to compliance with all applicable laws and regulations, Paul Y. will procure the Win Kings Group to give reasonable assistance to Creative Dragon Ventures prior to or at completion of the Win Kings Disposal Agreement to facilitate the provision of such securities by the Win Kings Group and the obtaining of such financing by Creative Dragon Ventures upon completion of the Win Kings Disposal Agreement.

Given the above guarantee(s) or security(ies) if provided by the Win Kings Group will only be provided if completion of the Win Kings Disposal Agreement occurs, and that upon completion thereof, the Win Kings Group will cease to be subsidiaries of the Company but become wholly-owned subsidiaries of Creative Dragon Ventures, such financial assistance will therefore be provided by the subsidiary(ies) of Creative Dragon Ventures. Hence, the assistance if provided by Paul Y. under the Win Kings Disposal Agreement will be administrative assistance in facilitating Creative Dragon Ventures to obtain financing to complete the Win Kings Disposal Agreement. Such administrative assistance is not unusual in sale and purchase transactions of this kind.

Condition Precedent

Completion of the Win Kings Disposal Agreement is conditional upon the obtaining of the approval by the Independent Shareholders at the SGM in respect of the Win Kings Disposal Agreement and the Win Kings Disposal Transaction.

If the Win Kings Condition Precedent shall not have been fulfilled on or before the Win Kings Long Stop Date, the Win Kings Disposal Agreement shall thereupon terminate whereupon none of the parties thereto shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the Win Kings Disposal Agreement).

Completion

Subject to the Win Kings Condition Precedent having been satisfied, completion of the Win Kings Disposal Agreement shall take place on the Win Kings Completion Date. The parties to the Win Kings Disposal Agreement undertake with each other parties thereto to use their respective reasonable endeavours and in good faith to proceed with completion of the Win Kings Disposal Agreement as soon as practicable after the fulfilment of the Win Kings Condition Precedent.

Effect of the Win Kings Disposal Transaction

Upon completion of the Win Kings Disposal Agreement, the Win Kings Group will cease to be subsidiaries of the Company, and its consolidated financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group.

Principal asset of the Win Kings Group is the Hong Kong Property which is currently recorded as stock of properties in the consolidated financial statements of the Group. During the year 2015, the Hong Kong Property was reclassified from investment properties to stock of properties at its then fair value. Pursuant to the accounting policies of the Group, the Hong Kong Property (being stock of properties) is stated at the lower of cost and net realisable value in the consolidated financial statements of the Group. The Group expects to record a gain of approximately HK\$25.0 million from the Win Kings Disposal Transaction. This amount is calculated based on (i) the Win Kings Provisional Consideration; (ii) the unaudited consolidated net asset value of the Win Kings Group as at 15 November 2016 after adjusting the expected bank loan interest capitalised for the period from 16 November 2016 to the estimated date of issuance of certificate of compliance of the Hong Kong Property; (iii) the Win Kings Sale Loan less the Win Kings Assumed Debt as at 15 November 2016; and (iv) transaction costs of the Win Kings Disposal Transaction. The expected gain or loss on the Win Kings Disposal Transaction mainly represents the difference between (i) the agreed property value of the Hong Kong Property of HK\$910 million for the purpose of ascertaining the consolidated net asset value of the Win Kings Group to determine the Win Kings Consideration and (ii) the aggregate of carrying amount of the Hong Kong Property as at the Win Kings Completion Date in the consolidated financial statements of the Group and the Estimated Outstanding Development Costs. The agreed property value of the Hong Kong Property of HK\$910 million represents a premium of approximately 0.55% over the gross development value of the Hong Kong Property of HK\$905 million as determined by an independent property valuer.

The actual gain or loss to be recorded might be different as the above estimate is based on (i) the Win Kings Consideration will not exceed the cap of HK\$1,050 million; (ii) the carrying amount of the Hong Kong Property in the consolidated financial statements of the Group as at 15 November 2016; and (iii) the estimated aggregate outstanding development costs on 15 November 2016, which might be different from those as at the Win Kings Completion Date.

Following completion of the Win Kings Disposal Agreement, the Win Kings Group will cease to be subsidiaries of the Company and its consolidated financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group. The Win Kings Group had outstanding Win Kings Bank Loan of HK\$110 million as at 15 November 2016. The Win Kings Bank Loan may or may not be fully repaid prior to completion of the Win Kings Disposal Agreement. In any event, the level of borrowings of the Group shall be reduced after completion of the Win Kings Disposal Agreement. As explained above, it is estimated that the Group will record a net gain on disposal and the consolidated net asset value of the Group will increase accordingly.

(2) THE PINECREST DISPOSAL AGREEMENT

Date

5 December 2016

Parties

- (a) New Silver, as vendor;
- (b) the Company, as vendor guarantor;
- (c) Strong Point Ventures, as purchaser; and
- (d) Mr. Lau, Ming-wai, as purchaser guarantor.

In consideration of Strong Point Ventures and Mr. Lau, Ming-wai entering into the Pinecrest Disposal Agreement, the Company has agreed to guarantee the performance by New Silver of its obligations under the Pinecrest Disposal Agreement. In consideration of New Silver and the Company entering into the Pinecrest Disposal Agreement, Mr. Lau, Ming-wai has agreed to guarantee the performance by Strong Point Ventures of its obligations under the Pinecrest Disposal Agreement.

Assets to be disposed of

The Pinecrest Sale Share and the Pinecrest Sale Loan.

In consideration for the sale or procurement of the sale of the Pinecrest Sale Share and the assignment or procurement of the assignment of the Pinecrest Sale Loan by New Silver to Strong Point Ventures or its nominee(s), Strong Point Ventures further agreed to assume or procure (through its nominee(s)) to assume the obligation of repayment of the Pinecrest Assumed Debt (if any) upon completion of the Pinecrest Disposal Agreement.

The Pinecrest Sale Share to be acquired by Strong Point Ventures shall be free from all Encumbrances and with all dividends, benefits and other rights becoming attached or accruing thereto as from the Pinecrest Completion Date.

Information of the Pinecrest Group

Pinecrest is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of New Silver. Pinecrest owns 100% interest in (i) 79 companies (each of them being a property investment company incorporated in Hong Kong which owns one of the shops of the PRC Properties); (ii) King Lord Investments Limited (an investment holding company incorporated in Hong Kong); and (iii) 愛美高物業管理(深圳)有限公司 (Evergo Property Management (Shenzhen) Company Limited) (a property management company incorporated in the PRC).

As at the date of this announcement, other than the PRC Properties, the Pinecrest Group does not have any other material assets.

A summary of the unaudited consolidated results of the Pinecrest Group for each of the two years ended 31 December 2014 and 2015 prepared in accordance with HKFRSs is set out below:–

	For the year ended 31 December 2014 <i>(HK\$ million)</i>	For the year ended 31 December 2015 <i>(HK\$ million)</i>
Revenue	32.9	32.8
Fair value changes on investment properties	(14.3)	(25.0)
Profit before tax	15.2	5.4
Profit after tax	16.5	9.1

As at 30 September 2016, the unaudited consolidated net asset value of the Pinecrest Group was approximately HK\$551.8 million, the amount of the Pinecrest Assumed Debt was approximately HK\$237.4 million and the amount of the Pinecrest Sale Loan was nil.

Information of the PRC Properties

PRC Properties	Usage	Attributable interests to the Group
Shop Nos. 1001 to 1027, 1044 to 1045, 1047 to 1057, 1059 to 1072, 1084 to 1086, 1088 to 1089, 1092 to 1105, 1112 to 1117 on 1st floor of Lowu Commercial Plaza, Jianshe Road, Luohu District, Shenzhen, Guangdong Province, PRC	Commercial	100%

The Pinecrest Consideration

The Pinecrest Consideration shall be equal to the aggregate of (but subject to a cap amount of HK\$500 million):–

- (a) the consolidated net asset value or liability of the Pinecrest Group as shown in the Pinecrest Completion Accounts (for the purpose of ascertaining such consolidated net asset value or liability, Strong Point Ventures acknowledged and accepted that the PRC Properties shall have a value of HK\$360 million in the Pinecrest Completion Accounts); and
- (b) the aggregate face amount of the Pinecrest Sale Loan, less the aggregate face amount of the Pinecrest Assumed Debt.

At completion of the Pinecrest Disposal Agreement, Strong Point Ventures shall pay to New Silver the Pinecrest Provisional Consideration. The difference between the Pinecrest Consideration and the Pinecrest Provisional Consideration will be settled in cash or cheque within 7 Business Days after the Pinecrest Completion Accounts have been delivered to Strong Point Ventures.

Deposits

Pursuant to the Pinecrest Disposal Agreement, Strong Point Ventures shall pay to New Silver the Pinecrest Deposits, which will be applied towards settlement of the Pinecrest Provisional Consideration at completion of the Pinecrest Disposal Agreement. Mr. Lau, Ming-wai has agreed to procure Global King and JLLHIL to undertake to the Company and New Silver that they shall (as agents and on behalf of Strong Point Ventures) pay or procure to pay to the Company (as agent of New Silver) the aggregate amount of such Pinecrest Special Dividend payable to them or their respective nominee(s) or custodian(s) by the Company (in the case of Global King, excluding the Pinecrest Excluded Special Dividend) as payment of the Pinecrest Deposits (or any part thereof).

If the Pinecrest Condition Precedent shall not have been satisfied on or before the Pinecrest Long Stop Date, or completion of the Pinecrest Disposal Agreement does not proceed and such non-completion does not arise as a result of the default of Strong Point Ventures or Mr. Lau, Ming-wai under the Pinecrest Disposal Agreement, New Silver shall return the Pinecrest Deposits (if any) without interest to Strong Point Ventures within 7 Business Days after receiving a written demand from Strong Point Ventures for the return.

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

to the amount of the losses and damages suffered by New Silver as assessed in accordance with the Pinecrest Disposal Agreement less the total amount of the Pinecrest Deposits so forfeited, arising from such default.

Strong Point Ventures may elect to settle the Pinecrest Provisional Consideration (or any part thereof) by procuring certain Shareholders to apply their Pinecrest Dividend Entitlements, subject to completion of the Pinecrest Disposal Agreement, towards the payment of the Pinecrest Provisional Consideration and the Company will be authorised and instructed to pay such Pinecrest Dividend Entitlements to New Silver, in lieu of such Shareholders, to settle the Pinecrest Provisional Consideration to the extent of the aggregate amount of such Pinecrest Dividend Entitlements.

Financing

New Silver has agreed that, if Strong Point Ventures needs to raise loans or other borrowings from banks or third parties for its payment of the Pinecrest Provisional Consideration or the Pinecrest Consideration or any part thereof, on the basis of the Pinecrest Group providing guarantees or securities to such banks or third parties, and if so requested by Strong Point Ventures and subject to compliance with all applicable laws and regulations, New Silver will procure the Pinecrest Group to give reasonable assistance to Strong Point Ventures prior to or at completion of the Pinecrest Disposal Agreement to facilitate the provision of such securities by the Pinecrest Group and the obtaining of such financing by Strong Point Ventures upon completion of the Pinecrest Disposal Agreement.

Given the above guarantee(s) or security(ies) if provided by the Pinecrest Group will only be provided if completion of the Pinecrest Disposal Agreement occurs, and that upon completion thereof, the Pinecrest Group will cease to be subsidiaries of the Company but become wholly-owned subsidiaries of Strong Point Ventures, such financial assistance will therefore be provided by the subsidiary(ies) of Strong Point Ventures. Hence, the assistance if provided by New Silver under the Pinecrest Disposal Agreement will be administrative assistance in facilitating Strong Point Ventures to obtain financing to complete the Pinecrest Disposal Agreement. Such administrative assistance is not unusual in sale and purchase transactions of this kind.

Condition Precedent

Completion of the Pinecrest Disposal Agreement is conditional upon the obtaining of the approval by the Independent Shareholders at the SGM in respect of the Pinecrest Disposal Agreement and the Pinecrest Disposal Transaction.

If the Pinecrest Condition Precedent shall not have been fulfilled on or before the Pinecrest Long Stop Date, the Pinecrest Disposal Agreement shall thereupon terminate whereupon none of the parties thereto shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the Pinecrest Disposal Agreement).

Completion

Subject to the Pinecrest Condition Precedent having been satisfied, completion of the Pinecrest Disposal Agreement shall take place on the Pinecrest Completion Date. The parties to the Pinecrest Disposal Agreement undertake with each other parties thereto to use their respective reasonable endeavours and in good faith to proceed with completion of the Pinecrest Disposal Agreement as soon as practicable after the fulfilment of the Pinecrest Condition Precedent.

Effect of the Pinecrest Disposal Transaction

Upon completion of the Pinecrest Disposal Agreement, the Pinecrest Group will cease to be subsidiaries of the Company, and its consolidated financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group.

Principal assets of the Pinecrest Group are the PRC Properties which are recorded as investment properties in the consolidated financial statements of the Group. Pursuant to the accounting policies of the Group, the PRC Properties (being investment properties) are measured at fair values in the consolidated financial statements of the Group. Gains and losses arising from changes in the fair values of the PRC Properties are included in profit or loss for the period in which they arise. Accordingly, the PRC Properties will be measured at their fair values on the Pinecrest Completion Date. Any changes in the fair values of the PRC Properties on the Pinecrest Completion Date to those stated in the consolidated financial statements of the Group will be included in profit or loss as fair value gains or losses.

The gain or loss on the Pinecrest Disposal Transaction mainly consists of the following components: (i) the fair value gains or losses as a result of the fair value changes of the PRC Properties from 16 November 2016 to the Pinecrest Completion Date; (ii) the premium of approximately HK\$7.1 million (being the difference between the agreed property value of the PRC Properties of HK\$360 million for the purpose of ascertaining the consolidated net asset value of the Pinecrest Group to determine the Pinecrest Consideration and the carrying amounts of the PRC Properties on 15 November 2016); and (iii) the carrying amount of net deferred tax liabilities or assets attributable to the PRC Properties as at the Pinecrest Completion Date. The Group expects to record a gain of approximately HK\$80.7 million from the Pinecrest Disposal Transaction. This amount is calculated based on (i) the Pinecrest Provisional Consideration; (ii) the unaudited consolidated net asset value of the Pinecrest Group as at 30 September 2016 (after adjusting the carrying amounts of the PRC Properties to their market values as at 15 November 2016 and related deferred tax); (iii) the Pinecrest Sale Loan less the Pinecrest Assumed Debt as at 30 September 2016; (iv) transaction costs of the Pinecrest Disposal Transaction; and (v) release of translation reserve of the Pinecrest Group as at 30 September 2016. The agreed property value of the PRC Properties of HK\$360 million represents a premium of approximately 2.01% over the market value of the PRC Properties as at 15 November 2016 of approximately HK\$352.9 million as determined by an independent property valuer.

The actual gain or loss to be recorded might be different as the above estimate is based on (i) the Pinecrest Consideration will not exceed the cap of HK\$500 million; (ii) the unaudited consolidated net asset value of the Pinecrest Group as at 30 September 2016 after adjusting the carrying amounts of the PRC Properties to their market values as at 15 November 2016 and related deferred tax; (iii) the Pinecrest Sale Loan less the Pinecrest Assumed Debt as at 30 September 2016; and (iv) translation reserve of the Pinecrest Group as at 30 September 2016, which might be different from those as at the Pinecrest Completion Date.

Following completion of the Pinecrest Disposal Agreement, the Pinecrest Group will cease to be subsidiaries of the Company and its consolidated financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group. Rental income of the PRC Properties will not be recorded in the consolidated financial statements of the Group following completion of the Pinecrest Disposal Agreement, and this will lead to a drop of rental income of the Group. As explained above, it is estimated that the Group will record net gain of approximately HK\$80.7 million and release of translation reserve of approximately HK\$2.3 million on the Pinecrest Disposal Transaction, and the consolidated net asset value of the Group will increase accordingly.

INFORMATION OF THE GROUP AND THE VENDORS

The Group is principally engaged in the business of property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading.

Paul Y. is an investment holding company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company.

New Silver is an investment holding company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company.

INFORMATION OF THE PURCHASERS

Creative Dragon Ventures is an investment holding company incorporated in the BVI and established by Ms. Chan, Hoi-wan for the purpose of holding the assets to be acquired under the Win Kings Disposal Agreement.

Strong Point Ventures is an investment holding company incorporated in the BVI and established by Mr. Lau, Ming-wai for the purpose of holding the assets to be acquired under the Pinecrest Disposal Agreement.

REASONS FOR AND BENEFITS OF THE DISPOSAL TRANSACTIONS

The residential property market in Hong Kong had been moving upwards for over the past ten years until reaching the peak level in the third quarter of 2015. A short-term slight adjustment was observed thereafter but the upward trend picked up again in the second quarter of 2016. According to the statistics released by the Rating and Valuation Department of Hong Kong on 30 November 2016, the Private Domestic Price Index for all classes of residential properties attained the peak of 306.1 in September 2015, followed by a trough of 271.4 in March 2016 before bouncing back to the provisional level of 303.8 in October 2016. The Hong Kong government has introduced new measures in November 2016 to curb and control the seemingly overheated residential property market, whereby a new flat rate of 15%

for the ad valorem stamp duty is imposed on second-home buyers. In addition, with the generally unexpected outcome of the presidential election of the United States of America in early November 2016, the uncertainty around global markets has been intensified; whilst the uplift of interest rate by the Federal Reserve in the United States of America by the end of year 2016 is also widely anticipated. In view of the adverse impact from such changes in the macro-environment and the increasing risks of uncertainty in the local property market, the Board considers that this would be an appropriate time to dispose of the Hong Kong Property to maximise the return and unlock the value of the Company's investment in the Hong Kong Property in light of the possible downturn of the property market in Hong Kong.

On the other hand, commercial development of Luohu District of Shenzhen City, the PRC appears to have matured and saturated. With reference to the information released by the government of Luohu District on the internet, the retail sales of traditional commercial areas near Lowu Commercial Plaza within Luohu District as a proportion to the district's total sales dropped from 40% in 2012 to 34% in 2015. The rental index of shopping malls located in Luohu District has also shown signs of level-off in 2016. Certain new retail projects in both prime and non-prime areas of Luohu District have been launched since 2016, leading to potential pressure on future rents and occupancy rates in these areas. The Board is therefore of the view that despite that the Group will forgo the stable and considerable rental income from the PRC Properties, the time now is opportune for the Group to dispose of the PRC Properties in order to grasp the possible maximum return therefrom before the turnaround tendency of the retail property market of Luohu District solidifies.

The Win Kings Consideration and the Pinecrest Consideration are determined by reference to, among other things, the market value of the Hong Kong Property and the PRC Properties as at 15 November 2016 respectively as valued by an independent property valuer and will be settled entirely by cash. The structure of the Disposal Transactions is alike one of the Windsor Transactions which were approved by an overwhelming majority of the then independent Shareholders at the Company's special general meeting held in February 2016. The Board is of the opinion that this is a promising indication from the then independent Shareholders that they were in concurrence with the Group's business strategies of adjusting its property portfolio mix and realising its property investment at appropriate time. Given that as at the date of this announcement, the Company had not identified any potential acquisition targets, and there was neither any imminent mega property development projects contemplated nor other major projects which may require substantial cash investment in the near future, the Board intends to follow the past successful model where a majority of the net sale proceeds derived from the Win Kings Disposal Transaction and the Pinecrest Disposal Transaction is to be used to pay the Win Kings Special Dividend and/or the Pinecrest Special Dividend, respectively, to the Shareholders. Further details are set out in the section headed "Use of Proceeds" below. The Board considers that the possible distribution of the Win Kings Special Dividend and/or the Pinecrest Special Dividend would facilitate the enhancement of return to the Shareholders and allow them to realise the intrinsic value of the Shares in the form of special dividends.

Having considered the 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 by the Company) considers that the terms of each of the Disposal Agreements are fair and reasonable and are on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Based on the assumption that the Win Kings Provisional Consideration will be the same as the Win Kings Consideration, it is estimated that the net sale proceeds arising from the Win Kings Disposal Transaction would be approximately HK\$772.8 million, after deducting the transaction costs related to the Win Kings Disposal Transaction of approximately HK\$4.0 million.

Subject to the then business, financial and cashflow position of the Group at completion of the Win Kings Disposal Agreement and assuming the Win Kings Disposal Transaction shall have been approved by the Independent Shareholders at the SGM, it is currently intended that the majority part of the net sale proceeds which may be generated from the Win Kings Disposal Transaction may be used to pay the Win Kings Special Dividend to the Shareholders on or after completion of the Win Kings Disposal Agreement (which is scheduled under the Win Kings Disposal Agreement to be on or before 31 December 2017) in one or more phases. The aggregate amount of the Win Kings Special Dividend to be paid to the Shareholders shall not exceed the net sale proceeds of the Win Kings Disposal Transaction. A small portion of such net sale proceeds will be used for general working capital of the Group. In this regard, the Win Kings Disposal Transaction would enable the Shareholders to benefit from the Win Kings Special Dividend. The Board will take into account the then business, financial and cashflow position of the Group at that point in time and the progress of the development of the Win Kings Disposal Transaction before any Win Kings Special Dividend is proposed and declared.

Based on the assumption that the Pinecrest Provisional Consideration will be the same as the Pinecrest Consideration, it is estimated that the net sale proceeds arising from the Pinecrest Disposal Transaction would be approximately HK\$394.8 million, after deducting the transaction costs related to the Pinecrest Disposal Transaction of approximately HK\$5.0 million.

Subject to the then business, financial and cashflow position of the Group at completion of the Pinecrest Disposal Agreement and assuming the Pinecrest Disposal Transaction shall have been approved by the Independent Shareholders at the SGM, it is currently intended that the majority part of the net sale proceeds which may be generated from the Pinecrest Disposal Transaction may be used to pay the Pinecrest Special Dividend to the Shareholders on or after completion of the Pinecrest Disposal Agreement (which is scheduled under the Pinecrest Disposal Agreement to be on or before 31 December 2017) in one or more phases. The aggregate amount of the Pinecrest Special Dividend to be paid to the Shareholders shall not exceed the net sale proceeds of the Pinecrest Disposal Transaction. A small portion of such net sale proceeds will be used for general working capital of the Group. In this regard, the Pinecrest Disposal Transaction would enable the Shareholders to benefit from the Pinecrest Special Dividend. The Board will take into account the then business, financial and cashflow position of the Group at that point in time and the progress of the development of the Pinecrest Disposal Transaction before any Pinecrest Special Dividend is proposed and declared.

As there is currently no imminent mega property development projects contemplated or other major projects which requires substantial cash investment in the near future, the Board considers that the distribution of the Win Kings Special Dividend and/or the Pinecrest Special Dividend, if materialised, is in the interests of the Company and the Shareholders as a whole. If the Company does not proceed with the distribution of the Win Kings Special Dividend and/or the Pinecrest Special Dividend, the net sale proceeds from the relevant Disposal Transaction will be used for general working capital purposes. Further announcement(s) would be made by the Company in relation to the proposed distribution of the Win Kings Special Dividend and/or the Pinecrest Special Dividend, if any, as and when appropriate.

LISTING RULES IMPLICATION FOR THE DISPOSAL TRANSACTIONS

As the Disposal Agreements were entered into within 12 months after the completion of the Windsor Agreements, and all such agreements were entered into by the Company with parties connected with each other, the Disposal Transactions and the Windsor Transactions are required to be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Disposal Transactions (when aggregated with the Windsor Transactions) exceed 25% but are less than 75%, the Disposal Transactions constitute major transactions for the Company and the Disposal Transactions are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Ms. Chan, Hoi-wan, being an associate of two Directors (Ms. Chan, Sze-wan and Ms. Chan, Lok-wan) and an associate of a substantial Shareholder and controlling Shareholder (Mr. Joseph Lau, Luen-hung), is the sole director and the sole beneficial owner of Creative Dragon Ventures, Ms. Chan, Hoi-wan and Creative Dragon Ventures are connected persons of the Company. In addition, as Mr. Lau, Ming-wai, being a Director, is the sole director and the sole beneficial owner of Strong Point Ventures, Mr. Lau, Ming-wai and Strong Point Ventures are connected persons of the Company. Accordingly, the Disposal Transactions also constitute connected transactions for the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, pursuant to the Stock Exchange Undertaking, the Company has undertaken to the Stock Exchange that it will not enter into Specified Transaction 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 12 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 Ms. Chan, Hoi-wan is an associate of two Directors (Ms. Chan, Sze-wan and Ms. Chan, Lok-wan) and an associate of a substantial Shareholder and controlling Shareholder (Mr. Joseph Lau, Luen-hung) and is the sole director and the sole beneficial owner of Creative Dragon Ventures, each of Ms. Chan, Hoi-wan and Creative Dragon Ventures is a Related Party for the purpose of the Stock Exchange Undertaking. In addition, as Mr. Lau, Ming-wai is a Director and is the sole director and the sole beneficial owner of Strong Point Ventures, each of Mr. Lau, Ming-wai and Strong Point Ventures 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 Agreements and 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; (iv) the valuation reports on the Properties; and (v) the notice of SGM is expected to be despatched to the Shareholders on or before 28 December 2016.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Disposal Agreements and the Disposal Transactions. An Independent Board Committee has been appointed to advise the Independent Shareholders on whether or not the terms of the Disposal Agreements and the Disposal Transactions are in the interests of the Company and the Shareholders as a whole 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 Agreements and the Disposal Transactions at the SGM. Each of Ms. Chan, Hoi-wan (who is the sole director and the sole beneficial owner of Creative Dragon Ventures), Mr. Lau, Ming-wai (who is the sole director and the sole beneficial owner of Strong Point Ventures) and their respective associate(s) (if they hold any Shares) will abstain from voting on the resolution(s) approving the Disposal Agreement(s) and the Disposal Transaction(s) to which the aforesaid Ms. Chan, Hoi-wan or Mr. Lau, Ming-wai (as the case may be) is a party in accordance with Rules 14.46 and 14A.36 of the Listing Rules. Any vote exercised by the Independent Shareholders at the SGM shall be taken by poll.

Shareholders and potential investors of the Company should note that completion of each of the Disposal Agreements is subject to the satisfaction of their respective condition precedent, namely, the obtaining of the approval by the Independent Shareholders at the SGM in respect of the relevant Disposal Agreement and the relevant Disposal Transaction. Therefore, the 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:–

“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“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;

“close associate(s)”	has the meaning ascribed to it in the Listing Rules;
“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;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Creative Dragon Ventures”	Creative Dragon Ventures Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Ms. Chan, Hoi-wan;
“Director(s)”	director(s) of the Company;
“Disposal Agreements”	comprising the Win Kings Disposal Agreement and the Pinecrest Disposal Agreement, and “Disposal Agreement” means each or any of them;
“Disposal Transactions”	comprising the Win Kings Disposal Transaction and the Pinecrest Disposal Transaction, and “Disposal Transaction” means each or any of them;
“Encumbrances”	any interest or equity of any person (including, without limitation, any right to acquire, option or right of pre-emption) and any charge, mortgage, security interest, pledge, lien (including retention of title claims), assignment, power of sale or hypothecation and any rental, hire purchase, creditor, conditional sale or other third party right or restriction or encumbrance of any nature whatsoever (whether or not perfected);
“Estimated Outstanding Development Costs”	the estimated aggregate outstanding development costs as estimated by Paul Y. as of the Win Kings Completion Date which have to be further incurred by the Win Kings Group after the Win Kings Completion Date in order to complete the development of the Hong Kong Property;
“Global King”	Global King (PTC) Ltd., a company incorporated in the BVI with limited liability and a Shareholder and a close associate of each of Ms. Chan, Hoi-wan and Mr. Lau, Ming-wai;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Property”	the property as set out in the paragraph headed “Information of the Hong Kong Property” in the section of “The Win Kings Disposal Agreement” of this announcement;
“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 Disposal Agreements and the Disposal Transactions;
“Independent Shareholders”	Shareholders other than Shareholders who have a material interest in the Disposal Transactions (including each of Ms. Chan, Hoi-wan, Mr. Lau, Ming-wai and their respective associate(s) (if they hold any Shares) in respect of the relevant Disposal Transaction to which she/he is a party (as the case may be));
“JLLHIL”	Joseph Lau Luen Hung Investments Limited, a company incorporated in the BVI with limited liability and a Shareholder and a close associate of each of Ms. Chan, Hoi-wan and Mr. Lau, Ming-wai;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Joseph Lau, Luen-hung”	a substantial Shareholder and a controlling Shareholder;
“New Silver”	New Silver Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Paul Y.”	Paul Y. Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of the Company;
“Pinecrest”	Pinecrest International Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;

“Pinecrest Assumed Debt”	all sums due and owing to any member of the Pinecrest Group by any member of the Group (other than the Pinecrest Group) as at the Pinecrest Completion Date;
“Pinecrest Completion Accounts”	the unaudited consolidated statement of comprehensive income of the Pinecrest Group for the period from 1 January 2017 and ending on the Pinecrest Completion Date and the unaudited consolidated statement of financial position of the Pinecrest Group as at the Pinecrest Completion Date, each prepared in accordance with HKFRSs;
“Pinecrest Completion Date”	any Business Day falling between 1 January 2017 and 31 December 2017 (both days inclusive) as shall be agreed between New Silver and Strong Point Ventures for the purpose of completion of the Pinecrest Disposal Agreement, or failing agreement, 31 December 2017;
“Pinecrest Condition Precedent”	the condition precedent to the completion of the Pinecrest Disposal Agreement as set out in the paragraph headed “Condition Precedent” in the section headed “The Pinecrest Disposal Agreement” of this announcement;
“Pinecrest Consideration”	the aggregate consideration for the sale and purchase of the Pinecrest Sale Share and the Pinecrest Sale Loan pursuant to the Pinecrest Disposal Agreement;
“Pinecrest Deposits”	the aggregate amounts equivalent to (i) the Pinecrest Special Dividend receivable by Global King and JLLHIL, or their respective nominee(s) or custodian(s), as Shareholders (in the case of Global King, excluding the Pinecrest Excluded Special Dividend); and (ii) any additional deposits of any amount on top of the aforesaid Pinecrest Special Dividend which Strong Point Ventures shall be entitled to pay to New Silver prior to completion of the Pinecrest Disposal Agreement pursuant to the Pinecrest Disposal Agreement;
“Pinecrest Disposal Agreement”	the sale and purchase agreement dated 5 December 2016 entered into among New Silver, the Company, Strong Point Ventures and Mr. Lau, Ming-wai relating to the Pinecrest Sale Share and the Pinecrest Sale Loan;
“Pinecrest Disposal Transaction”	the transactions contemplated under the Pinecrest Disposal Agreement;

“Pinecrest Dividend Entitlements”	the entitlements to the Pinecrest Special Dividend of certain Shareholders who have executed and delivered to New Silver and the Company the Pinecrest Letter of Payment Direction;
“Pinecrest Excluded Special Dividend”	the Pinecrest Special Dividend receivable by Global King as holder of those Shares which are held or deposited in the Central Clearing and Settlement System or held by HKSCC Nominees Limited on behalf of or on account of Global King;
“Pinecrest Group”	comprising Pinecrest and its subsidiaries;
“Pinecrest Letter of Payment Direction”	a letter of payment direction regarding the Pinecrest Dividend Entitlements by certain Shareholders;
“Pinecrest Long Stop Date”	30 June 2017 or such other date as may be agreed between New Silver and Strong Point Ventures;
“Pinecrest Provisional Consideration”	a sum of HK\$399,785,690 as the provisional consideration payable by Strong Point Ventures to New Silver upon completion of the Pinecrest Disposal Agreement;
“Pinecrest Sale Loan”	all sums due, owing or payable by the Pinecrest Group to other members of the Group (other than the Pinecrest Group) as at the Pinecrest Completion Date;
“Pinecrest Sale Share”	the one share of Pinecrest beneficially owned by and registered in the name of New Silver, representing the entire issued share capital of Pinecrest;
“Pinecrest Special Dividend”	one or more special cash interim dividend(s) proposed to be declared and paid by the Company to the Shareholders in anticipation that completion of the Pinecrest Disposal Agreement would take place (the amount of each such dividend per Share to be determined by the Board), the record date for which shall fall before the Pinecrest Completion Date;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“PRC Properties”	the properties as set out in the paragraph headed “Information of the PRC Properties” in the section of “The Pinecrest Disposal Agreement” of this announcement;

“Properties”	collectively, the Hong Kong Property and the PRC Properties;
“Related Party”	for the purpose of the Stock Exchange Undertaking, a director, a substantial shareholder, a subsidiary or an 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) 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;
“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 Agreements and 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);
“Specified Transaction(s)”	<p>for the purpose of the Stock Exchange Undertaking, transaction(s) between the Company or any of its subsidiaries and a Related Party being:–</p> <ul style="list-style-type: none"> (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; <p>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</p>

	effect during the previous 12 months, exceeds HK\$200 million;
“Stable Castle”	Stable Castle Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Win Kings;
“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 Point Ventures”	Strong Point Ventures Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Lau, Ming-wai;
“Win Kings”	Win Kings Holding Ltd., a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Win Kings Assumed Debt”	all sums due and owing to any member of the Win Kings Group by any member of the Group (other than the Win Kings Group) as at the Win Kings Completion Date;
“Win Kings Bank Loan”	the outstanding bank loan, interest and all other sums owed by Stable Castle pursuant to the facility letter dated 16 November 2012 in relation to the grant of a term loan facility of HK\$110,000,000 by Chong Hing Bank Limited to Stable Castle (as amended, varied or supplemented) or if such bank loan is repaid but its repayment is refinanced by a new bank loan obtained by Stable Castle or Win Kings prior to or upon completion of the Win Kings Disposal Agreement, the outstanding bank loan, interest and all other sums owed by Stable Castle or Win Kings pursuant to such new bank loan;
“Win Kings Bank Loan Documents”	the loan and security documents executed in respect of the Win Kings Bank Loan;
“Win Kings CE Guarantee”	any guarantee, surety, security or indemnity given by any member of the Group (other than the Win Kings Group) in respect of the obligations or liabilities of any member of the Win Kings Group;

“Win Kings Completion Accounts”	the unaudited consolidated statement of comprehensive income of the Win Kings Group for the period from 1 January 2017 and ending on the Win Kings Completion Date and the unaudited consolidated statement of financial position of the Win Kings Group as at the Win Kings Completion Date, each prepared in accordance with HKFRSs;
“Win Kings Completion Date”	any Business Day falling between 1 January 2017 and 31 December 2017 (both days inclusive) as shall be agreed between Paul Y. and Creative Dragon Ventures for the purpose of completion of the Win Kings Disposal Agreement, or failing agreement, 31 December 2017;
“Win Kings Condition Precedent”	the condition precedent to the completion of the Win Kings Disposal Agreement as set out in the paragraph headed “Condition Precedent” of the section headed “The Win Kings Disposal Agreement” of this announcement;
“Win Kings Consideration”	the aggregate consideration for the sale and purchase of the Win Kings Sale Share and the Win Kings Sale Loan pursuant to the Win Kings Disposal Agreement;
“Win Kings Deposits”	the aggregate amounts equivalent to (i) the Win Kings Special Dividend receivable by Global King and JLLHIL, or their respective nominee(s) or custodian(s), as Shareholders (in the case of Global King, excluding the Win Kings Excluded Special Dividend); and (ii) any additional deposits of any amount on top of the aforesaid Win Kings Special Dividend which Creative Dragon Ventures shall be entitled to pay to Paul Y. prior to completion of the Win Kings Disposal Agreement pursuant to the Win Kings Disposal Agreement;
“Win Kings Disposal Agreement”	the sale and purchase agreement dated 5 December 2016 entered into among Paul Y., the Company, Creative Dragon Ventures and Ms. Chan, Hoi-wan relating to the Win Kings Sale Share and the Win Kings Sale Loan;
“Win Kings Disposal Transaction”	the transactions contemplated under the Win Kings Disposal Agreement;
“Win Kings Dividend Entitlements”	the entitlements to the Win Kings Special Dividend of certain Shareholders who have executed and delivered to Paul Y. and the Company the Win Kings Letter of Payment Direction;

“Win Kings Excluded Special Dividend”	the Win Kings Special Dividend receivable by Global King as holder of those Shares which are held or deposited in the Central Clearing and Settlement System or held by HKSCC Nominees Limited on behalf of or on account of Global King;
“Win Kings Group”	comprising Win Kings and its subsidiary;
“Win Kings Letter of Payment Direction”	a letter of payment direction regarding the Win Kings Dividend Entitlements by certain Shareholders;
“Win Kings Long Stop Date”	30 June 2017 or such other date as may be agreed between Paul Y. and Creative Dragon Ventures;
“Win Kings Provisional Consideration”	a sum of HK\$776,768,166 as the provisional consideration payable by Creative Dragon Ventures to Paul Y. upon completion of the Win Kings Disposal Agreement;
“Win Kings Sale Loan”	all sums due, owing or payable by the Win Kings Group to other members of the Group (other than the Win Kings Group) as at the Win Kings Completion Date;
“Win Kings Sale Share”	the one share of Win Kings beneficially owned by and registered in the name of Paul Y., representing the entire issued share capital of Win Kings;
“Win Kings Special Dividend”	one or more special cash interim dividend(s) proposed to be declared and paid by the Company to the Shareholders in anticipation that completion of the Win Kings Disposal Agreement would take place (the amount of each such dividend per Share to be determined by the Board), the record date for which shall fall before the Win Kings Completion Date;
“Windsor Agreements”	collectively, (i) the sale and purchase agreement dated 23 December 2015 entered into among Good Top Limited, the Company, Best Range Limited and Mr. Joseph Lau, Luen-hung relating to, among others, disposal of the entire issued share capital of Jumbo Grace Limited; and (ii) the sale and purchase agreement dated 23 December 2015 entered into among China Entertainment and Land Investment Company, Limited, the Company, Magic Square Limited and Mr. Joseph Lau, Luen-hung relating to, among others, disposal of the entire issued share capital of Keep Speed Company Limited;

“Windsor Transactions” the transactions contemplated under the Windsor Agreements; and

“%” per cent.

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

Hong Kong, 5 December 2016

As at the date of this announcement, the Board comprises 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.

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