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

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
DISPOSAL OF SALE DEBT SECURITIES**

**INTRODUCTION**

The Board announces that on 29 January 2020, after trading hours, the Sellers, all being indirect wholly-owned subsidiaries of the Company, and the Purchaser entered into the Disposal Agreement in relation to the sale and purchase of the Sale Debt Securities at the Consideration which shall be determined based on the higher of (i) 100% of the Proposed Principal Amount for Sale Debt Securities; and (ii) the prevailing Market Bid Price for each individual Sale Debt Securities. The aggregate transaction amount of the Disposal shall be subject to the Cap Amount equal to HK\$8,000 million. Completion of the Disposal Agreement is conditional upon, among others, the Independent Shareholders' Approval having been obtained. Pursuant to the terms and conditions of the Disposal Agreement, Completion may take place in tranches.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal by reference to the Cap Amount exceed 25% but are less than 75%, accordingly, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser, namely, Ms. Chan, Hoi-wan, is an executive Director and a trustee of the substantial Shareholders (who are two of her minor children) indirectly holds an aggregate of approximately 50.02% of the total issued share capital of the Company as at the date of this announcement, the Purchaser is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

A circular containing, among other things, (i) further information relating to the Disposal Agreement and the Disposal; (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; and (iv) the notice of SGM, is expected to be despatched to the Shareholders within 15 business days after the date of this announcement.

**Shareholders and potential investors of the Company should note that the completion of the transactions under the Disposal Agreement is subject to the satisfaction of the Conditions, namely, the obtaining of the Independent Shareholders' Approval at the SGM. Therefore, the Disposal may or may not proceed. Even if the Disposal does proceed, it may or may not proceed with completion of all the Sale Debt Securities. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the 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**

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The principal terms of the Disposal Agreement are as follows:

### **THE DISPOSAL AGREEMENT**

#### **Date**

29 January 2020

#### **Parties**

- (a) Chase Master Company Limited as the First Seller;
- (b) Lucky Way Company Ltd. as the Second Seller;
- (c) City Gateway Limited as the Third Seller; and
- (d) Ms. Chan, Hoi-wan as the Purchaser.

## **Subject matter**

Pursuant to the Disposal Agreement, each of the Sellers has agreed to sell, and the Purchaser has agreed to purchase, the Sale Debt Securities free from all encumbrances with effect from Completion and with all rights attached thereto including the right to receive all interest attached thereto payable on or after Completion subject to the terms and conditions of the Disposal Agreement. The aggregate transaction amount of the Disposal shall be subject to the Cap Amount of HK\$8,000 million.

It is contemplated under the Disposal Agreement that the Disposal may be completed in tranches subject to the Conditions being satisfied or waived, as the case may be, with respect to the relevant Sale Debt Securities.

For particulars of the Sale Debt Securities, please refer to the section headed “Information on the Sale Debt Securities” in this announcement.

## **Consideration**

The Consideration shall be payable by the Purchaser in cash upon Completion, and the Consideration for the sale and purchase of the relevant Sale Debt Securities shall be determined as follows:

$$\text{Consideration} = A + B$$

Where:-

- A = an amount representing 100% or the Market Bid Price of the Proposed Principal Amount for Sale Debt Securities, whichever is higher; and
- B = the total amount of notional interest on the Proposed Principal Amount for Sale Debt Securities calculated at the coupon rate per annum on the Proposed Principal Amount for Sale Debt Securities based on the actual number of days elapsed accruing on a daily basis since and including the Last Interest Payment Date up to but excluding the Completion Date subject to the coupon frequency and date count as specified in the terms and conditions of the relevant Sale Debt Securities.

Based on 100% of the principal amount of the Sale Debt Securities which is the minimum aggregate Consideration at which the Sale Debt Securities are to be disposed of to the Purchaser pursuant to the Disposal Agreement, without taking into account any notional interests (where applicable) to be accrued on the Sale Debt Securities which shall form part of the minimum Consideration to be paid by the Purchaser to the Sellers at Completion, it is estimated that the total Consideration for the Disposal of all the Sale Debt Securities would be not less than US\$840,415,000 (equivalent to approximately HK\$6,543,135,000) in aggregate.

## **Conditions Precedent**

The obligations of the parties to the Disposal Agreement to consummate Completion shall be conditional upon:

- (1) the Company having obtained the Independent Shareholders’ Approval at the SGM in compliance with the Listing Rules and (if any) other applicable regulatory requirements by the Company;

- (2) with respect to any relevant Sale Debt Securities where security interests have been created in favour of any lender of the Group, the Seller of the relevant Sale Debt Securities having obtained the consent from the relevant lender regarding the release of security interests of such relevant Sale Debt Securities; and
- (3) the Seller of the relevant Sale Debt Securities being satisfied with the LTV Ratio to which the Group including the Seller is subject to pursuant to the margin loan facilities made available to the Group including the Seller upon completion of the Disposal of relevant Sale Debt Securities.

### **Principal amount of the relevant Sale Debt Securities for Completion**

For the purpose of fulfilling the Condition of maintaining the LTV Ratio to which the Group including the Seller is subject to pursuant to the margin loan facilities made available to the Group including the Seller upon completion of the Disposal of relevant Sale Debt Securities, the relevant Seller may at its sole and absolute discretion adjust the principal amount and/or the types (in case more than one type of the Sale Debt Securities are specified in the Completion Notice) of the relevant Sale Debt Securities for Completion as specified in the Completion Notice given by the Purchaser (as described in more detail below in the paragraph headed “Obligations of the Sellers and the Purchaser prior to Completion” in this announcement) to an amount less than the principal amount and/or to fewer types of the relevant Sale Debt Securities as specified in the Completion Notice.

### **Satisfaction or waiver of Conditions**

The Sellers may waive, in their sole discretion, any of the Conditions (save for obtaining the Independent Shareholders’ Approval) by written notice to the Purchaser. In the event that the Company fails to obtain the Independent Shareholders’ Approval on or before the Long Stop Date, the Disposal Agreement shall immediately terminate in which event all rights and obligations of the parties to the Disposal Agreement shall cease immediately upon termination and no party shall have any liability under the Disposal Agreement save for antecedent breaches prior to such termination.

If any of the Conditions (assuming the Independent Shareholders’ Approval having been obtained) with respect to any relevant Sale Debt Securities becomes incapable of being fulfilled as determined by the relevant Seller in its sole and absolute discretion by or before the Long Stop Date, the relevant Seller may exclude such relevant Sale Debt Securities from the Disposal Agreement so that the Disposal Agreement shall be automatically deemed as having been amended and restated to the effect that the Excluded Debt Securities shall be treated as having been excluded from the Disposal Agreement and the relevant Seller shall have the right to dispose of the Excluded Debt Securities to any other third party on such terms and conditions as it deems fit. The Company will further comply with all applicable Listing Rules requirements should the Sellers dispose of any Excluded Debt Securities to other third parties.

### **Completion**

Completion of the Disposal shall take place on the Completion Date. It is contemplated under the Disposal Agreement that the Disposal may be completed in tranches subject to the Conditions being satisfied or waived, as the case may be, with respect to the relevant Sale Debt Securities in which event the Final Completion shall take place on the Final Completion Date, which shall be a date not later than 31 December 2020. Completion of each tranche of the Sale Debt Securities is not inter-conditional upon each other.

## **Obligations of the Sellers and the Purchaser prior to Completion**

### *Completion Notice from the Purchaser to the relevant Seller*

At any time after the Independent Shareholders' Approval having been obtained by the Company, the Purchaser shall send the Completion Notice(s) to the relevant Seller not later than the fifth business day preceding the Long Stop Date stating the type and the principal amount(s) of the relevant Sale Debt Securities to be purchased for the purpose of Completion.

### *Satisfaction of Conditions*

After receipt of the Completion Notice by the relevant Seller, the relevant Seller shall use its reasonable endeavours to procure the remaining Conditions be satisfied (or be waived (if applicable)) before the expiry of the Reference Period.

### *Completion Reply Notice from the relevant Seller to the Purchaser*

Upon fulfilment (or where applicable, waiver) of the remaining Conditions and before the expiry of the Reference Period, the relevant Seller shall send the Completion Reply Notice to the Purchaser stating, among other things, (a) the Proposed Principal Amount for Sale Debt Securities; (b) the Market Bid Price; (c) the calculation of the Consideration; and (d) the Completion Date.

### *Undertakings to cooperate for fulfilment of the Conditions and negotiate in good faith for Completion*

For the purpose of procuring the fulfilment of the Conditions for Completion, each party to the Disposal Agreement undertakes with each other to provide and/or procure the provision of such guarantee, indemnity or security as may be reasonably required by the relevant lender of the Group (including the Sellers) prior to or following such Completion.

In the event that the Purchaser has complied with her obligation to send the Completion Notice to the relevant Seller(s) for Completion but the Conditions (other than obtaining Independent Shareholders' Approval) fail to be satisfied (or, where applicable, waived) before the Long Stop Date, the Purchaser and the relevant Seller(s) shall negotiate in good faith to agree on a postponed Completion Date which shall not be later than the Final Completion Date and once the remaining Conditions are satisfied (or waived, as the case may be) and the Completion Reply Notice in relation to the Completion is given by the relevant Seller(s) to the Purchaser, the Purchaser shall be obliged to proceed with Completion.

### *Purchaser's obligation to consummate Completion in the absence of Completion Notice*

In the event that upon expiry of the fifth business day preceding the Long Stop Date, any Seller has not received the Completion Notice from the Purchaser for the remaining Sale Debt Securities relevant to such Seller, the relevant Seller shall serve on the Purchaser a Completion Reply Notice (in the absence of the Completion Notice) to require the Purchaser to proceed with Completion for such remaining Sale Debt Securities upon the satisfaction or waiver, as the case may be, of the remaining Conditions by or before the Long Stop Date, and the Purchaser shall be obliged to complete the sale and purchase of the relevant Sale Debt Securities in accordance with the terms specified in such Completion Reply Notice.

## **Cap Amount**

Notwithstanding the above, the aggregate transaction amount of the Disposal shall be subject to the Cap Amount equal to HK\$8,000 million and any relevant Seller may in its sole and absolute discretion to reduce the relevant principal amount(s) (including the type(s)) of the Sale Debt Securities as specified in the Completion Notice so that the Proposed Principal Amount for Sale Debt Securities for the relevant tranche would not result in the Cap Amount being exceeded.

If, after having given due consideration to the aforesaid possibility of reduction in principal amount(s) and/or type(s) of the Sale Debt Securities in respect of a certain tranche of the Sale Debt Securities proposed to be the subject matter of a Completion, the Consideration payable by the Purchaser as determined by the relevant Seller during the Reference Period (with or without Completion Notice served by the Purchaser), when aggregated with all previous Consideration which has been paid and/or to be paid by the Purchaser under the Disposal Agreement, would still result in the Cap Amount being exceeded, completion of the Disposal of such tranche shall not be consummated, such that the relevant Completion Notice served by the Purchaser would be treated as withdrawn and cancelled. However, nothing under such circumstance shall prevent (i) the Purchaser from serving on the relevant Seller further Completion Notice(s) proposing to purchase the same type(s) of the Sale Debt Securities (of the same or a different principal amount thereof) at a later date by or before the fifth business day immediately preceding the Long Stop Date; and/or (ii) any relevant Seller from requiring the Purchaser to purchase such Sale Debt Securities or any portion of them (in such principal amount(s) and type(s) as may be determined by the relevant Seller) by serving a Completion Reply Notice on the Purchaser (in the absence of the Completion Notice), provided that in both cases the aforesaid limitation of the Cap Amount shall still be adhered to.

In the event that if, in respect of any of the Sale Debt Securities, the Completion of which cannot be consummated due to the restriction of the Cap Amount pursuant to the Disposal Agreement by or before the Final Completion Date, such relevant Sale Debt Securities shall be excluded from the Disposal Agreement so that the Disposal Agreement shall be automatically deemed as having been amended and restated to the effect that the Excluded Debt Securities shall be treated as having been excluded from the Disposal Agreement and the relevant Seller shall have the right to dispose of the Excluded Debt Securities to any other third party on such terms and conditions as it deems fit. The Company will further comply with all applicable Listing Rules requirements should the Sellers dispose of any Excluded Debt Securities to other third parties.

### **Obligations of the Sellers to exercise their discretions to give effect to the Disposal to the greatest extent within the Cap Amount**

Notwithstanding anything mentioned above, each of the Sellers shall, provided that and so long as the Conditions (other than obtaining the Independent Shareholders' Approval) can be fulfilled (or, as the case may be, waived by the relevant Seller), determine the Proposed Principal Amount for Sale Debt Securities (including the type(s) of the Sale Debt Securities to be transferred to the Purchaser) to the fullest extent possible so as to give effect to the Disposal to the greatest extent within the Cap Amount.

## INFORMATION ON THE SALE DEBT SECURITIES

Information on the Sale Debt Securities is as follows:

| No. | ISIN/Common Code/CUSIP Number/CINS (where applicable) / Stock Code (if listed on the Stock Exchange)    | The Sale Debt Securities (including coupon rate and maturity date) | Holder of the Sale Debt Securities | Principal amount to be sold in the Disposal | Original acquisition cost of the Sale Debt Securities (or the portion of principal amount thereof) which were acquired by the Group within the 12-month period immediately preceding the date of the Disposal Agreement | Total principal amount of the same type of debt securities held by the Group as at the date of this announcement (Note 1) | Name of Issuer                  |
|-----|---|--|------------------------------------|---|---|---|---------------------------------|
| 1.  | ISIN: XS1982037779<br>Common Code: 198203777<br>CUSIP Number: N/A<br>CINS: G2119WAQ9<br>Stock Code: N/A | 10.0% Senior Notes due 2023  | First Seller                       | US\$50,000,000                              | US\$50,000,000 of principal amount acquired at US\$50,000,000   | US\$50,000,000  | China Evergrande Group (Note 2) |
| 2.  | ISIN: XS1982040641<br>Common Code: 198204064<br>CUSIP Number: N/A<br>CINS: G2119WAP1<br>Stock Code: N/A | 10.5% Senior Notes due 2024  | First Seller                       | US\$50,000,000                              | US\$50,000,000 of principal amount acquired at US\$50,000,000   | US\$50,000,000  | China Evergrande Group (Note 2) |

| <b>No.</b> | <b>ISIN/Common Code/CUSIP Number/CINS (where applicable) / Stock Code (if listed on the Stock Exchange)</b> | <b>The Sale Debt Securities (including coupon rate and maturity date)</b> | <b>Holder of the Sale Debt Securities</b> | <b>Principal amount to be sold in the Disposal</b> | <b>Original acquisition cost of the Sale Debt Securities (or the portion of principal amount thereof) which were acquired by the Group within the 12-month period immediately preceding the date of the Disposal Agreement</b> | <b>Total principal amount of the same type of debt securities held by the Group as at the date of this announcement (Note 1)</b> | <b>Name of Issuer</b>                 |
|------------|---|---|---|--|--|--|---------------------------------------|
| 3.         | ISIN: XS1627598094<br>Common Code: 162759809<br>CUSIP Number: N/A<br>CINS: G52132AU4<br>Stock Code: N/A     | 9.375% Senior Notes due 2024  | First Seller                              | US\$142,000,000                                    | -  | US\$217,000,000  | Kaisa Group Holdings Ltd.<br>(Note 3) |
| 4.         | ISIN: XS1903671938<br>Common Code: 190367193<br>CUSIP Number: N/A<br>CINS: G7848UAB3<br>Stock Code: N/A     | 13.75% Senior Notes due 2023  | First Seller                              | US\$2,000,000                                      | US\$2,000,000 of principal amount acquired at US\$2,006,000  | US\$2,000,000  | Scenery Journey Limited (Note 4)      |



| No. | ISIN/Common Code/CUSIP Number/CINS (where applicable) / Stock Code (if listed on the Stock Exchange)      | The Sale Debt Securities (including coupon rate and maturity date) | Holder of the Sale Debt Securities | Principal amount to be sold in the Disposal | Original acquisition cost of the Sale Debt Securities (or the portion of principal amount thereof) which were acquired by the Group within the 12-month period immediately preceding the date of the Disposal Agreement | Total principal amount of the same type of debt securities held by the Group as at the date of this announcement (Note 1) | Name of Issuer                                     |
|-----|---|--|------------------------------------|---|---|---|--|
| 5.  | ISIN: XS1810024338<br>Common Code: 181002433<br>CUSIP Number: N/A<br>CINS: G8569AAH9<br>Stock Code: N/A   | 8.35% Senior Notes due 2023  | First Seller                       | US\$52,000,000                              | -   | US\$124,000,000   | Sunac China Holdings Limited (Note 5)              |
|     |   |  | Third Seller                       | US\$72,000,000                              | -   |   |  |
| 6.  | ISIN: XS2049640332<br>Common Code: 204964033<br>CUSIP Number: N/A<br>CINS: G9898CAA0<br>Stock Code: 40005 | 11.50% Senior Notes due 2021                                       | First Seller                       | US\$9,500,000                               | US\$9,500,000 of principal amount acquired at US\$9,435,250   | US\$9,500,000   | Zhongliang Holdings Group Company Limited (Note 6) |

| <b>No.</b> | <b>ISIN/Common Code/CUSIP Number/CINS (where applicable) / Stock Code (if listed on the Stock Exchange)</b>   | <b>The Sale Debt Securities (including coupon rate and maturity date)</b>   | <b>Holder of the Sale Debt Securities</b> | <b>Principal amount to be sold in the Disposal</b> | <b>Original acquisition cost of the Sale Debt Securities (or the portion of principal amount thereof) which were acquired by the Group within the 12-month period immediately preceding the date of the Disposal Agreement</b> | <b>Total principal amount of the same type of debt securities held by the Group as at the date of this announcement (Note 1)</b> | <b>Name of Issuer</b>     |
|------------|---|---|---|--|--|--|---------------------------|
| 7.         | ISIN:<br>US251525AN16<br>Common Code:<br>114329657<br>CUSIP Number: N/A<br>CINS: N/A<br>Stock Code: N/A       | 7.5% Perpetual<br>Undated Non-cumulative Fixed to Reset Rate<br>Additional Tier 1<br>Notes of 2014                | First Seller                              | US\$43,000,000                                     | -  | US\$43,000,000   | Deutsche Bank AG (Note 7) |
| 8.         | ISIN:<br>USF8586CBQ45<br>Common Code:<br>180635955<br>CUSIP Number: N/A<br>CINS: F8586CBQ4<br>Stock Code: N/A | 6.75% Perpetual<br>Undated Deeply Subordinated<br>Additional Tier 1<br>Fixed Rate<br>Resettable Callable<br>Notes | First Seller                              | US\$71,000,000                                     | -  | US\$71,000,000   | Société Générale          |

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|---------------|---|---|------------------------------------|---|---|---|---|
| 9.            | ISIN: USF8586CRW49<br>Common Code: 100604221<br>CUSIP Number: N/A<br>CINS: F8586CRW4<br>Stock Code: N/A | 7.875% Perpetual Undated Deeply Subordinated Resettable Interest Rate Notes   | First Seller                       | US\$32,000,000                              | -   | US\$52,000,000  | Société Générale                              |
| Second Seller | US\$20,000,000  | -   |                                    |   |   |   |   |
| 10.           | ISIN: US780099CK11<br>Common Code: 127529876<br>CUSIP Number: N/A<br>CINS: N/A<br>Stock Code: N/A       | 8.000% Perpetual Subordinated Contingent Convertible Additional Tier 1 Capital Notes (Callable August 10, 2025 and Every Five Years Thereafter) | First Seller                       | US\$10,000,000                              | -   | US\$10,000,000  | The Royal Bank of Scotland Group plc (Note 8) |

| <b>No.</b> | <b>ISIN/Common Code/CUSIP Number/CINS (where applicable) / Stock Code (if listed on the Stock Exchange)</b> | <b>The Sale Debt Securities (including coupon rate and maturity date)</b> | <b>Holder of the Sale Debt Securities</b> | <b>Principal amount to be sold in the Disposal</b> | <b>Original acquisition cost of the Sale Debt Securities (or the portion of principal amount thereof) which were acquired by the Group within the 12-month period immediately preceding the date of the Disposal Agreement</b> | <b>Total principal amount of the same type of debt securities held by the Group as at the date of this announcement (Note 1)</b> | <b>Name of Issuer</b>                              |
|------------|---|---|---|--|--|--|--|
| 11.        | ISIN: USU2526DAE95<br>Common Code: 138602605<br>CUSIP Number: N/A<br>CINS: U2526DAE9<br>Stock Code: N/A     | 8.1% Senior Notes due 2036  | Second Seller                             | US\$9,000,000                                      | -  | US\$9,000,000  | Diamond 1 Finance Corp /<br>Diamond 2 Finance Corp |
| 12.        | ISIN: USU2526DAF60<br>Common Code: 138605019<br>CUSIP Number: N/A<br>CINS: U2526DAF6<br>Stock Code: N/A     | 8.35% Senior Notes due 2046   | Second Seller                             | US\$16,000,000                                     | -  | US\$21,000,000   | Diamond 1 Finance Corp /<br>Diamond 2 Finance Corp |
|            |   |   | Third Seller                              | US\$5,000,000                                      | -  |  |  |

| No. | ISIN/Common Code/CUSIP Number/CINS (where applicable) / Stock Code (if listed on the Stock Exchange)    | The Sale Debt Securities (including coupon rate and maturity date)   | Holder of the Sale Debt Securities | Principal amount to be sold in the Disposal | Original acquisition cost of the Sale Debt Securities (or the portion of principal amount thereof) which were acquired by the Group within the 12-month period immediately preceding the date of the Disposal Agreement | Total principal amount of the same type of debt securities held by the Group as at the date of this announcement (Note 1) | Name of Issuer                    |
|-----|---|--|------------------------------------|---|---|---|-----------------------------------|
| 13. | ISIN: XS1481041587<br>Common Code: 148104158<br>CUSIP Number: N/A<br>CINS: G0809LDY2<br>Stock Code: N/A | 7.875% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2022 and Every Five Years Thereafter) | Second Seller                      | US\$17,000,000                              | -   | US\$17,000,000  | Barclays PLC (Note 8)             |
| 14. | ISIN: US539439AG42<br>Common Code: 104493246<br>CUSIP Number: N/A<br>CINS: N/A<br>Stock Code: N/A       | 7.5% Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities                                     | Second Seller                      | US\$6,000,000                               | -   | US\$9,500,000   | Lloyds Banking Group plc (Note 9) |
|     |   |  | Third Seller                       | US\$3,500,000                               | -   |   |                                   |

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|-----|--|---|------------------------------------|---|---|---|---|
| 15. | ISIN: USG84228CQ91<br>Common Code: N/A<br>CUSIP Number: N/A<br>CINS: G84228CQ9<br>Stock Code: 04305  | 7.5% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities  | Second Seller                      | US\$50,000,000                              | -   | US\$52,500,000  | Standard Chartered PLC (Note 10)              |
| 16. | ISIN: US780097BB64<br>Common Code: 147856270<br>CUSIP Number: N/A<br>CINS: N/A<br>Stock Code: N/A    | 8.625% Perpetual Subordinated Contingent Convertible Additional Tier 1 Capital Notes (Callable August 15, 2021 and Every Five Years Thereafter) | Second Seller                      | US\$61,000,000                              | -   | US\$75,000,000  | The Royal Bank of Scotland Group plc (Note 8) |
|     |  |   | Third Seller                       | US\$14,000,000                              | -   |   |   |

| <b>No.</b> | <b>ISIN/Common Code/CUSIP Number/CINS (where applicable) / Stock Code (if listed on the Stock Exchange)</b> | <b>The Sale Debt Securities (including coupon rate and maturity date)</b> | <b>Holder of the Sale Debt Securities</b> | <b>Principal amount to be sold in the Disposal</b> | <b>Original acquisition cost of the Sale Debt Securities (or the portion of principal amount thereof) which were acquired by the Group within the 12-month period immediately preceding the date of the Disposal Agreement</b> | <b>Total principal amount of the same type of debt securities held by the Group as at the date of this announcement (Note 1)</b> | <b>Name of Issuer</b>              |
|------------|---|---|---|--|--|--|------------------------------------|
| 17.        | ISIN: CH0331455318<br>Common Code: 147163894<br>CUSIP Number: N/A<br>CINS: H42097AA5<br>Stock Code: N/A     | 7.125% Perpetual Tier 1 Subordinated Notes                                | Second Seller                             | US\$23,000,000                                     | -  | US\$31,000,000   | UBS Group AG<br>(Note 11)          |
|            |   |   | Third Seller                              | US\$8,000,000                                      | -  |  |                                    |
| 18.        | ISIN: XS1627599654<br>Common Code: 162759965<br>CUSIP Number: N/A<br>CINS: G2119WAE6<br>Stock Code: N/A     | 8.75% Senior Notes due 2025   | Third Seller                              | US\$40,000,000                                     | -  | US\$40,000,000   | China Evergrande Group<br>(Note 2) |

| No. | ISIN/Common Code/CUSIP Number/CINS (where applicable) / Stock Code (if listed on the Stock Exchange) | The Sale Debt Securities (including coupon rate and maturity date)  | Holder of the Sale Debt Securities | Principal amount to be sold in the Disposal | Original acquisition cost of the Sale Debt Securities (or the portion of principal amount thereof) which were acquired by the Group within the 12-month period immediately preceding the date of the Disposal Agreement | Total principal amount of the same type of debt securities held by the Group as at the date of this announcement (Note 1) | Name of Issuer                  |
|-----|--|---|------------------------------------|---|---|---|---------------------------------|
| 19. | ISIN: US404280AT69<br>Common Code: 121032929<br>CUSIP Number: N/A<br>CINS: N/A<br>Stock Code: N/A    | 6.375% Perpetual Subordinated Contingent Convertible Securities (Callable March 2025 and Every Five Years Thereafter)     | Third Seller                       | US\$19,000,000                              | -   | US\$19,000,000  | HSBC Holdings plc.<br>(Note 12) |
| 20. | ISIN: US404280BP39<br>Common Code: 179812126<br>CUSIP Number: N/A<br>CINS: N/A<br>Stock Code: N/A    | 6.500% Perpetual Subordinated Contingent Convertible Securities (Callable March 23, 2028 and Every Five Years Thereafter) | Third Seller                       | US\$9,415,000                               | -   | US\$9,415,000   | HSBC Holdings plc.<br>(Note 12) |



| <b>No.</b> | <b>ISIN/Common Code/CUSIP Number/CINS (where applicable) / Stock Code (if listed on the Stock Exchange)</b>   | <b>The Sale Debt Securities (including coupon rate and maturity date)</b> | <b>Holder of the Sale Debt Securities</b> | <b>Principal amount to be sold in the Disposal</b> | <b>Original acquisition cost of the Sale Debt Securities (or the portion of principal amount thereof) which were acquired by the Group within the 12-month period immediately preceding the date of the Disposal Agreement</b> | <b>Total principal amount of the same type of debt securities held by the Group as at the date of this announcement (Note 1)</b> | <b>Name of Issuer</b>     |
|------------|---|---|---|--|--|--|---------------------------|
| 21.        | ISIN:<br>USH4209UAT37<br>Common Code:<br>194652267<br>CUSIP Number: N/A<br>CINS: H4209UAT3<br>Stock Code: N/A | 7.00% Perpetual Tier 1 Capital Notes                                      | Third Seller                              | US\$6,000,000                                      | -  | US\$7,000,000  | UBS Group AG<br>(Note 11) |

*Notes:*

1. The total principal amount of the same type of debt securities refers to the aggregate holding of the Group of such debt securities as a whole (which may include other members of the Group in addition to the Sellers). Such total principal amount was based on the Group's holding of such debt securities as at the date of this announcement which may be subject to change after the date of this announcement depending on the Group's investment decisions.
2. Its shares are listed on the Main Board of the Stock Exchange (stock code: 3333).

3. Its shares are listed on the Main Board of the Stock Exchange (stock code: 1638).
4. It is an indirect wholly-owned subsidiary of China Evergrande Group, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333).
5. Its shares are listed on the Main Board of the Stock Exchange (stock code: 1918).
6. Its shares are listed on the Main Board of the Stock Exchange (stock code: 2772).
7. Its shares are listed for trading and official quotation on the German stock exchanges and are listed on the New York Stock Exchange.
8. Its shares are listed on the London Stock Exchange.
9. Its shares are quoted on both the London Stock Exchange and the New York Stock Exchange.
10. Its shares are listed on the London Stock Exchange and the Stock Exchange as well as the Bombay and National Stock Exchanges in India.
11. Its shares are listed on the SIX Swiss Exchange and on the New York Stock Exchange.
12. It has a primary share listing on the London Stock Exchange and branch listings on the Stock Exchange and Bermuda Stock Exchange. Its shares are also listed on Euronext Paris and the New York Stock Exchange.

***Relationship between the Company and the issuers***

As at the date of this announcement, the Company, through its wholly-owned subsidiaries, holds a total of 860,000,000 shares issued by China Evergrande Group (Stock Code: 3333) (“**China Evergrande**”), which represents approximately 6.50% of the total number of issued shares of China Evergrande (being one of the issuers as mentioned above and the holding company of another issuer, Scenery Journey Limited as mentioned above) (based on information in China Evergrande’s announcement dated 15 January 2020 published on the Stock Exchange’s website). To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, (i) Ms. Chan, Hoi-wan personally holds 411,113,000 shares in China Evergrande, which represents approximately 3.10% of the total number of the issued shares of China Evergrande (based on information in China Evergrande’s announcement dated 15 January 2020 published on the Stock Exchange’s website; and (ii), by aggregating the Group’s said shareholding in China Evergrande, Ms. Chan, Hoi-wan is deemed to be interested in 1,271,113,000 shares in China Evergrande in aggregate, which

represents approximately 9.60% of the total number of issued shares of China Evergrande (based on information in China Evergrande's announcement dated 15 January 2020 published on the Stock Exchange's website).

To the best of the Directors' knowledge and information, save as disclosed above, each of the Issuers and their respective ultimate beneficial owners is an Independent Third Party.

## **INFORMATION OF THE GROUP, THE SELLERS AND THE PURCHASER**

### ***Information of the Group***

The Company is a company incorporated in Bermuda with limited liability and, together with its subsidiaries, are principally engaged in property investment and development, brokerage, securities investment, money lending, and cosmetics distribution and trading, and has in the ordinary and usual course of business conducted its securities investment activities for years.

### ***Information of the Sellers***

The First Seller is a company incorporated in Hong Kong with limited liability while the Second Seller and the Third Seller are companies incorporated in the BVI with limited liability, all of which are indirect wholly-owned subsidiaries of the Company and principally engaged in securities investment.

### ***Information of the Purchaser***

As at the date of this announcement, an aggregate of 954,275,768 Shares were indirectly owned by Sino Omen through (a) JLLH Investments as to 230,984,820 Shares (which represents approximately 12.10% of the total number of issued Shares of the Company as at the date of this announcement) and (b) Solar Bright as to 723,290,948 Shares (which represents approximately 37.92% of the total number of issued Shares of the Company as at the date of this announcement). The entire issued share capital of JLLH Investments is held by Solar Bright which is in turn wholly owned by Sino Omen. The entire issued share capital of Sino Omen is held by Ms. Chan, Hoi-wan as the trustee for two of her minor children. Accordingly, Ms. Chan, Hoi-wan as the trustee of her said minor children holds an aggregate of 954,275,768 Shares, which represents approximately 50.02% of the total number of issued Shares as at the date of this announcement. Ms. Chan, Hoi-wan is also an executive Director, the younger sister of Ms. Chan, Sze-wan (an executive Director and the chief executive officer of the Company), the elder sister of Ms. Chan, Lok-wan (an executive Director), the step-mother of Mr. Lau, Ming-wai (a non-executive Director, the chairman of the Board and a substantial Shareholder), and the sister-in-law of Ms. Amy Lau, Yuk-wai (a non-executive Director). By virtue of the above, Ms. Chan, Hoi-wan is a connected person of the Company under the Listing Rules.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Securities investment activity is one of the principal activities of the Group which has been conducted by the Group in its ordinary and usual course of business for years. As the Sale Debt Securities held by the Sellers represents a significant and sizeable portion of the debt securities investment portfolio of the Group, the Directors believe that the Disposal provides a good opportunity for the Group to realise the investment in the Sale Debt Securities in a single batch (subject to the Cap Amount) to a single purchaser which might not be available in the market. In view of the aforesaid, the Disposal Agreement provides that the Disposal could be completed in different tranches with different completion dates which would provide, among others, flexibility for the Sellers to determine in their sole discretion the size of each tranche of the Disposal (including the types of the Sale Debt Securities) proposed by the Purchaser (which shall either be the same as or a lesser principal amount and/or the same or fewer types thereof (in case more than one type of the Sale Debt Securities are specified in the Completion Notice), which enables the Group to monitor the size of each tranche of the Sale Debt Securities to be disposed to the Purchaser after taking into consideration the then outstanding margin loans,

securities investment pledged, LTV Ratio and the financial position of the Group. Further, through Completion by tranches, the Group may apply part of the proceeds from each tranche of the Disposal before the Final Completion Date to repay part of the margin loans, which can in turn enable the Group to better maintain a satisfactory LTV Ratio so as to facilitate fulfilment of the Conditions (other than obtaining the Independent Shareholders' Approval) for the purpose of proceeding with Completion of all the Sale Debt Securities by or before the Final Completion Date.

Further, according to the size of securities investment disposed of in the previous 12-month period by the Group and the size of Sale Debt Securities to be disposed to the Purchaser, it is expected that the Group's further disposal of securities investment to Independent Third Party purchasers in the near future would require prior approval from the Shareholders under the applicable Listing Rules. If sell orders of the Sale Debt Securities were placed by the Group to independent financial institutions or Independent Third Party purchasers in piecemeal manner over different dates, each such disposal would require a separate approval from the Shareholders. Hence the entering into the Disposal Agreement would facilitate the Group in disposing the Sale Debt Securities with a one-off approval from the Independent Shareholders. The proceeds from the Disposal would be partly utilised as repayment of margin loan and partly as working capital of the Group, and the Disposal may improve the cash position of the Group, enabling the Group to capture any future investment opportunities available in the market.

The total Consideration for the Disposal shall be determined based on the higher of (i) 100% of the Proposed Principal Amount for Sale Debt Securities; and (ii) the prevailing Market Bid Price. In view of the above and the completion logistics of the Disposal under the Disposal Agreement being similar to disposal of debt securities in the over-the-counter market, the Board (excluding the independent non-executive Directors whose view will be provided after taking into account the opinion and advice from the Independent Financial Adviser) considers that the terms of the Disposal Agreement are on normal commercial terms or better to the Group in the ordinary and usual course of business of the Group and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

In addition, as a result of arm's length negotiation, the parties to the Disposal Agreement have agreed that the aggregate transaction amount of the Disposal shall be subject to the Cap Amount of HK\$8,000 million. The Cap Amount represents the upper limit of transaction value under the Disposal Agreement to provide some commercial certainty to the Purchaser given that the Consideration shall be determined based on the higher of (i) 100% of the Proposed Principal Amount for Sale Debt Securities; and (ii) the prevailing Market Bid Price for each individual Sale Debt Securities, the latter being unknown as at the date of the Disposal Agreement. Assuming Completion is to take place in respect of all Sale Debt Securities and the determination of the Consideration (without taking into account the notional interests) is based on higher of (i) 100% of the Proposed Principal Amount for Sale Debt Securities; and (ii) the prevailing Market Bid Price determined based on the bid price of 23 January 2020, the total Consideration in respect of all Sale Debt Securities is estimated to be approximately US\$897.9 million (equivalent to approximately HK\$6,990.8 million), and the Cap Amount of HK\$8,000 million represents approximately 10% in excess of the aforesaid estimated total Consideration plus maximum amount of notional interest. As the Cap Amount represents a buffer of approximately 10% as compared to the estimated Consideration as of 23 January 2020 (after taking into account the maximum amount of notional interests), and in view of the significant scale of the Disposal, the Directors (excluding the independent non-executive Directors whose view will be provided after taking into account the opinion and advice from the Independent Financial Adviser) are of the view that the Cap Amount is fair and reasonable.

## FINANCIAL EFFECTS OF THE DISPOSAL

According to the unaudited combined management accounts of the Sellers for the nine months ended 30 September 2019, and taking into account the acquisition costs of the Sale Debt Securities acquired after 30 September 2019, the carrying amount of the Sale Debt Securities in aggregate was approximately HK\$6,486,721,000.

The net profit (loss) (both before and after taxation) attributable to the Sale Debt Securities in aggregate (for those debt securities held by the Sellers at the relevant point of time) for the two financial years ended 31 December 2017 and 2018 are as follows:

|   | <b>For the year ended<br/>31 December 2017</b><br><i>(does not include the<br/>Sale Debt Securities<br/>acquired by the Group<br/>after 31 December<br/>2017)</i><br>(unaudited)<br><i>HK\$'000</i> | <b>For the year ended<br/>31 December 2018</b><br><i>(does not include the<br/>Sale Debt Securities<br/>acquired by the Group<br/>after 31 December<br/>2018)</i><br>(unaudited)<br><i>HK\$'000</i> |
|---|---|---|
| Interest income                                       | 255,263   | 425,618   |
| Unrealised gain (loss) arising from fair value change | 254,141   | (871,237)   |
| Profit (loss) before tax                              | 432,075   | (583,448)   |
| Profit (loss) after tax                               | 407,213   | (608,437)   |

According to the Group's accounting policy, the Group will record fair value change of the Sale Debt Securities in profit or loss or reserve prior to Completion, which represents the difference between the Consideration (without taking into account the notional interests) and the carrying amount of the Sale Debt Securities as at 31 December 2019. Assuming Completion is to take place in respect of all the Sale Debt Securities and the determination of the Consideration (without taking into account the notional interests) is based on higher of (i) 100% of the Proposed Principal Amount of the Sale Debt Securities and (ii) the prevailing Market Bid Price determined based on the bid price of 23 January 2020, it is expected that an estimated gain of approximately HK\$195.1 million in aggregate will be recorded as fair value change of the Sale Debt Securities in profit or loss or reserve prior to the Completion, subject to audit.

For some of the Sale Debt Securities, apart from the Sale Debt Securities to be disposed of under the Disposal Agreement, as at the date of the Disposal Agreement, the Group still held certain same type of debt securities issued by the same issuers as some of the Sale Debt Securities, in other words, and not all the principal amounts of such debt securities are to be disposed to the Purchaser under the Disposal Agreement. The types and principal amounts of the Sale Debt Securities being the subject matter of the Disposal are the result of arm's length negotiation between the Group and the Purchaser. For those same type of debt securities held by the Group which are not the subject of the Disposal, the Group intends to hold them for long term investment and/or trading by disposing to other third parties when the appropriate opportunities arise.

## **USE OF PROCEEDS**

Assuming the Completion is to take place in respect of all the Sale Debt Securities and the determination of the Consideration is based on 100% of the principal amount of the Sale Debt Securities which is the minimum price at which the Sale Debt Securities are to be disposed of to the Purchaser pursuant to the Disposal Agreement, without taking into account the notional interests (where applicable) accrued thereon which shall form part of the Consideration to be paid by the Purchaser to the Sellers at Completion, it is estimated that the net proceeds from the Disposal would be not less than approximately HK\$6,540,135,000 in aggregate (without taking into account the notional interest) after deducting the estimated transaction costs related to the Disposal. It is intended that not more than 80% of the net proceeds of the Group from the Disposal will be used for repayment of outstanding margin loan and the remainder of the net proceeds will be used as general working capital.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal by reference to the Cap Amount exceed 25% but are less than 75%, accordingly the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser, namely, Ms. Chan, Hoi-wan is an executive Director and a trustee of the substantial Shareholders (who are two of her minor children) indirectly holds an aggregate of approximately 50.02% of the total issued share capital of the Company as at the date of this announcement, Ms. Chan, Hoi-wan is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore 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 any 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 executive Director and a trustee of the substantial Shareholders (who are two of her minor children), Ms. Chan, Hoi-wan is a Related Party for the purpose of the Stock Exchange Undertaking. The Disposal will therefore constitute a Specified Transaction 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.

At the SGM, Ms. Chan, Hoi-wan and her associates (if they hold any Shares) will abstain from voting on the resolution(s) to be proposed to approve the Disposal Agreement and the Disposal. Any vote exercised by the Independent Shareholders at the SGM shall be taken by poll.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Disposal Agreement and the Disposal.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Disposal Agreement and the Disposal.

A circular containing, among other things, (i) further information relating to the Disposal Agreement and the Disposal; (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; and (iv) the notice of SGM is expected to be despatched to the Shareholders within 15 business days after the date of this announcement.

**Shareholders and potential investors of the Company should note that the completion of the transactions under the Disposal Agreement is subject to the satisfaction of the Conditions, namely, the obtaining of the Independent Shareholders' Approval at the SGM. Therefore, the Disposal may or may not proceed. Even if the Disposal does proceed, it may or may not proceed with completion of all the Sale Debt Securities. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the 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:-

|                            |  |
|----------------------------|--|
| <b>“associate(s)”</b>      | has the meaning ascribed to it in the Listing Rules;   |
| <b>“Board”</b>             | the board of Directors;  |
| <b>“BVI”</b>               | the British Virgin Islands;  |
| <b>“Cap Amount”</b>        | an aggregate amount equal to HK\$8,000 million, being the maximum transaction amount of the Disposal which may be effected under the Disposal Agreement;   |
| <b>“CINS”</b>              | the Committee on Uniform Securities Identification Procedures (CUSIP) international numbering system, which provides identification of international securities;   |
| <b>“Common Code”</b>       | the identification code issued jointly by Centrale de Livraison de Valeurs Mobilières (CEDEL) and Euroclear;   |
| <b>“Company”</b>           | 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;  |
| <b>“Completion”</b>        | completion of the Disposal;  |
| <b>“Completion Date”</b>   | the date of completion of the Disposal of all or part of the Sale Debt Securities as specified in the Completion Reply Notice which shall be a date falling on the second business day immediately after (and excluding) the relevant Completion Reply Date or such later date as may be agreed between the relevant Seller and the Purchaser in writing pursuant to the Disposal Agreement; |
| <b>“Completion Notice”</b> | a written notice to be given by the Purchaser to the relevant Seller stating, among other things, the type and principal amount of the Sale Debt Securities to be purchased for Completion;  |

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| <b>“Completion Reply Date”</b>    | the date on which the Completion Reply Notice is given by the relevant Seller to the Purchaser in response to a Completion Notice, which shall be a date falling on or before the last date of the relevant Reference Period;   |
| <b>“Completion Reply Notice”</b>  | a written reply to be given by the relevant Seller to the Purchaser (with a copy to the other Sellers) in response to the relevant Completion Notice given by the Purchaser to the relevant Seller stating, among other things, acceptance of the request for Completion, the Proposed Principal Amount for Sale Debt Securities and the Completion Date; |
| <b>“connected person(s)”</b>      | has the meaning ascribed to it in the Listing Rules;  |
| <b>“Condition(s)”</b>             | the condition(s) precedent to the completion of the Disposal as set out in the paragraph headed “Conditions Precedent” in the section headed “The Disposal Agreement” in this announcement;   |
| <b>“Consideration”</b>            | the consideration to be paid by the Purchaser to the relevant Seller upon Completion for the sale and purchase of the relevant Sale Debt Securities;  |
| <b>“CUSIP Number”</b>             | the identification number assigned to all stocks and registered bonds. The Committee on Uniform Securities Identification Procedures (CUSIP) oversees the entire CUSIP system;  |
| <b>“Director(s)”</b>              | director(s) of the Company;   |
| <b>“Disposal”</b>                 | the proposed disposal of the Sale Debt Securities by the Sellers to the Purchaser pursuant to the terms of the Disposal Agreement;  |
| <b>“Disposal Agreement”</b>       | the agreement dated 29 January 2020 entered into among the Sellers and the Purchaser relating to the sale and purchase of the Sale Debt Securities;   |
| <b>“Excluded Debt Securities”</b> | the relevant Sale Debt Securities to be excluded from the subject matter for the Disposal by the relevant Sellers pursuant to the terms of the Disposal Agreement;  |

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| <b>“Final Completion”</b>              | completion of the last tranche of the Sale Debt Securities (save for any Excluded Debt Securities) pursuant to the terms of the Disposal Agreement, which shall take place not later than the Final Completion Date;  |
| <b>“Final Completion Date”</b>         | the date of the Final Completion, which shall be a date not later than 31 December 2020;  |
| <b>“First Seller”</b>                  | Chase Master Company Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company, being the holder of the First Seller Debt Securities as at the date of the Disposal Agreement;  |
| <b>“First Seller Debt Securities”</b>  | the relevant Sale Debt Securities held by the First Seller and to be disposed of to the Purchaser pursuant to the Disposal Agreement, with particulars set out in the section headed “Information on the Sale Debt Securities” in this announcement;  |
| <b>“Group”</b>                         | the Company and its subsidiaries;   |
| <b>“HK\$”</b>                          | Hong Kong dollar, the lawful currency of Hong Kong;   |
| <b>“Hong Kong”</b>                     | the Hong Kong Special Administrative Region of the People’s Republic of China;  |
| <b>“Independent Board Committee”</b>   | an independent committee of the Board, comprising all the independent non-executive Directors, namely, Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun, established to give an opinion to the Independent Shareholders in relation to the terms of the Disposal Agreement and the Disposal;  |
| <b>“Independent Financial Adviser”</b> | a licenced corporation to carry out the relevant regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), to be appointed by the Company as an independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposal Agreement and the Disposal; |
| <b>“Independent Shareholders”</b>      | Shareholders other than (a) Shareholders who have a material interest in the Disposal (including Ms. Chan, Hoi-wan and her associates(s) (if they hold any Shares)) and (b) Shareholders who are Related Parties pursuant to the Stock Exchange Undertaking;  |

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| <b>“Independent Shareholders’ Approval”</b> | the approval to be sought from the Independent Shareholders at the SGM in respect of the Disposal Agreement and the Disposal;  |
| <b>“Independent Third Party”</b>            | a person or a company which is a third party independent of the Company and its connected person(s) (as defined under the Listing Rules);  |
| <b>“ISIN”</b>                               | the International Securities Identification Number, a code that uniquely identifies a specific securities issue;   |
| <b>“Issuer(s)”</b>                          | the issuer(s) of the Sale Debt Securities, with particulars set out in the section headed “Information on the Sale Debt Securities” in this announcement;  |
| <b>“JLLH Investments”</b>                   | Joseph Lau Luen Hung Investments Limited, a company incorporated in the BVI with limited liability, directly wholly-owned by Solar Bright as at the date of this announcement;   |
| <b>“Last Interest Payment Date”</b>         | in respect of a particular type of Sale Debt Securities, the date on which interest was paid to the holder of such Sale Debt Securities pursuant to the terms and conditions thereof immediately preceding the relevant Completion Date;                                 |
| <b>“Listing Rules”</b>                      | the Rules Governing the Listing of Securities on the Stock Exchange;   |
| <b>“Long Stop Date”</b>                     | the fifth business day preceding the Final Completion Date or such other date not later than the Final Completion Date as may be agreed among the Sellers and the Purchaser, which is the latest time for the fulfilment or (where applicable) waiver of the Conditions; |
| <b>“LTV Ratio”</b>                          | a loan-to-value ratio calculated as a percentage of the total margin loan facilities made available to the Group by the relevant lender of the Group and the total value of the security interests created by the Group in favour of such lender;                        |

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| <b>“Market Bid Price”</b>                                   | in relation to the relevant Sale Debt Securities, a price representing the highest of not less than three bid prices obtained by the relevant Seller through independent financial institution(s) on the next business day after its receipt of the Completion Notice (or such other date as may be agreed between the relevant Seller and the Purchaser pursuant to the Disposal Agreement), or in the event that less than three bid prices could be obtained, the highest of bid price(s) obtained;   |
| <b>“Proposed Principal Amount for Sale Debt Securities”</b> | the proposed principal amount of the relevant Sale Debt Securities to be transferred by the relevant Seller to the Purchaser as stated in the Completion Reply Notice, which may either be equal to or less than the principal amount and/or of the same type(s) or fewer in types of the relevant Sale Debt Securities stated in the Completion Notice;   |
| <b>“Purchaser” or “Ms. Chan, Hoi-wan”</b>                   | Ms. Chan, Hoi-wan, an executive Director and a trustee of substantial Shareholders (who are two of her minor children);  |
| <b>“Reference Period”</b>                                   | in respect of Completion of the relevant Sale Debt Securities, a period of not more than three business days after the date of receipt of the Completion Notice served by the Purchaser to the relevant Seller, or such longer period as may be agreed between the relevant Seller(s) and the Purchaser in writing;  |
| <b>“Related Party”</b>                                      | 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; |

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| <b>“Sale Debt Securities”</b>          | the debt securities agreed to be disposed of by the relevant Sellers and purchased by the Purchaser pursuant to the Disposal Agreement, in the minimum denomination of US\$200,000 of the principal amount of the relevant Sale Debt Securities and multiples of US\$1,000 in excess thereof, or such other denomination as specified in the terms and conditions of the relevant Sale Debt Securities, with particulars set out in the section headed “Information on the Sale Debt Securities” in this announcement; |
| <b>“Second Seller”</b>                 | Lucky Way Company Ltd. (carrying on business in Hong Kong as Lucky Path Limited), a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of the Company, being the holder of the Second Seller Debt Securities as at the date of the Disposal Agreement;  |
| <b>“Second Seller Debt Securities”</b> | the relevant Sale Debt Securities held by the Second Seller and to be disposed of to the Purchaser pursuant to the Disposal Agreement, with particulars set out in the section headed “Information on the Sale Debt Securities” in this announcement;  |
| <b>“Sellers”</b>                       | collectively, the First Seller, the Second Seller and the Third Seller, and the term “ <b>Seller</b> ” shall mean any one of them or the one that is relevant in the context in which such term appears;   |
| <b>“SGM”</b>                           | 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 Agreement and the Disposal;  |
| <b>“Share(s)”</b>                      | ordinary share(s) of HK\$0.10 each in the share capital of the Company;  |
| <b>“Shareholder(s)”</b>                | the holder(s) of the Share(s);   |
| <b>“Sino Omen”</b>                     | Sino Omen Holdings Limited, a company incorporated in the BVI with limited liability and directly wholly-owned by Ms. Chan, Hoi-wan as the trustee for two of her minor children as at the date of this announcement;  |
| <b>“Solar Bright”</b>                  | Solar Bright Ltd., a company incorporated in the BVI, directly wholly-owned by Sino Omen as at the date of this announcement;  |

|                                     |   |
|-------------------------------------|---|
| <b>“Specified Transaction(s)”</b>   | <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> <p>(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;</p> <p>(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</p> <p>(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> <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 effect during the previous 12 months, exceeds HK\$200 million;</p> |
| <b>“Stock Exchange”</b>             | The Stock Exchange of Hong Kong Limited;  |
| <b>“Stock Exchange Undertaking”</b> | 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);  |
| <b>“subsidiary(ies)”</b>            | has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);   |
| <b>“Third Seller”</b>               | City Gateway Limited, a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of the Company, being the holder of the Third Seller Debt Securities as at the date of the Disposal Agreement;  |

**“Third Seller Debt Securities”**

the relevant Sale Debt Securities beneficially owned by the Second Seller and legally held by the Third Seller as the Second Seller’s nominee as at the date of the Disposal Agreement, and to be disposed of to the Purchaser by the Third Seller as the Second Seller’s nominee pursuant to the Disposal Agreement, with particulars set out in the section headed “Information on the Sale Debt Securities” in this announcement;

**“US\$”**

United States dollar, the lawful currency of the United States; and

**“%”**

per cent.

*For the purpose of this announcement, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1 to HK\$7.7856 for illustration purpose only.*

By order of the Board

**Lam, Kwong-wai**

*Executive Director and Company Secretary*

Hong Kong, 29 January 2020

*As at the date of this announcement, the Board comprised Ms. Chan, Sze-wan, Ms. Chan, Hoi-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>*