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## **CHINESE ESTATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 127)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL AND POSSIBLE MAJOR TRANSACTION IN RELATION TO MANDATE FOR DISPOSAL(S) OF LISTED SECURITIES IN CHINA EVERGRANDE GROUP**

#### **(A) THE DISPOSAL**

The Board wishes to announce that during the period from 30 August 2021 to 21 September 2021 (both dates inclusive), the Group disposed of an aggregate of 108,909,000 Disposal Shares (representing approximately 0.82% of the issued share capital of China Evergrande Group as at 31 August 2021 (calculated based on the total number of issued shares of China Evergrande Group as at 31 August 2021 as disclosed in its monthly return dated 7 September 2021)) in the open market of the Stock Exchange for an aggregate consideration of approximately HK\$246.5 million (exclusive of transaction costs). The average selling price per Disposal Share was approximately HK\$2.26 (exclusive of transaction costs).

#### **(B) THE POSSIBLE DISPOSAL(S) AND THE DISPOSAL MANDATE**

The Board also announces that the Company has sought the approval of the Relevant Shareholders in lieu of a general meeting pursuant to Rule 14.44 of the Listing Rules for the grant of the Disposal Mandate to the Directors to dispose of, during the Mandate Period, all or part of the Mandate Shares held by the Group as at the date of this announcement.

#### **LISTING RULES IMPLICATIONS**

##### ***(1) Regarding the Disposal***

As the Disposal was conducted through a series of transactions from 30 August 2021 to 21 September 2021 within a 12-month period, the aggregate of 108,909,000 Disposal Shares involved in the Disposal were therefore aggregated pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratio(s) under Rule 14.07 of the Listing Rules in relation to the Disposal, when calculated on an aggregated basis as mentioned above, are more than 5%, but all the applicable percentage ratios are less than 25%, the Disposal constitutes a

discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

***(2) Regarding the Possible Disposal(s) and the Disposal Mandate***

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Possible Disposal(s) and the Disposal Mandate, when aggregated with the Disposal, exceeds 25% but is not more than 75%, the Possible Disposal(s) and the Disposal Mandate therefore constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Possible Disposals and the Disposal Mandate and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Possible Disposals and the Disposal Mandate. On the date of this announcement, pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval on 23 September 2021 for the Possible Disposals and the Disposal Mandate from the Relevant Shareholders, being a closely allied group of Shareholders which together are beneficially interested in 1,430,700,768 Shares, representing approximately 74.99% of the issued share capital of the Company as at the date of this announcement, carrying rights to vote at a general meeting of the Company.

Accordingly, no general meeting will be held by the Company to approve the Possible Disposals and the Disposal Mandate.

Pursuant to Rule 14.41 of the Listing Rules, as the Possible Disposals and the Disposal Mandate have been approved by written shareholders' approval pursuant to Rule 14.44 of the Listing Rules, the Company is required to despatch a circular containing, among other things, further details of the Possible Disposals and the Disposal Mandate to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 18 October 2021. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, in which case the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make a further announcement of the expected despatch date of the circular in due course.

Whether the Group decides to proceed with the Possible Disposal(s) or not, or to what extent, will depend on a number of factors, including without limitation, prevailing market sentiments and market conditions during the Mandate Period. While the Group currently intends to proceed with the Possible Disposal(s), there is no assurance that the Group will eventually proceed with any part of the Possible Disposal(s). **Shareholders and other potential investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.**

## **(A) THE DISPOSAL**

The Board wishes to announce that during the period from 30 August 2021 to 21 September 2021 (both dates inclusive), the Group disposed of an aggregate of 108,909,000 Disposal Shares (representing approximately 0.82% of the issued share capital of China Evergrande Group as at 31 August 2021 (calculated based on the total number of issued shares of China Evergrande Group as at 31 August 2021 as disclosed in its monthly return dated 7 September 2021)) in the open market of the Stock Exchange for an aggregate consideration of approximately HK\$246.5 million (exclusive of transaction costs). The average selling price per Disposal Share was approximately HK\$2.26 (exclusive of transaction costs).

### **Consideration for the Disposal**

The total consideration of the Disposal represents the then market price of the Disposal Shares, and have been and will be received by payment in cash and settled in accordance with the relevant standard market practice. The Group continues to hold 751,091,000 Evergrande Shares (representing approximately 5.66% of the issued share capital of China Evergrande Group as at 31 August 2021 (calculated based on the total number of issued shares of China Evergrande Group as at 31 August 2021 as disclosed in its monthly return dated 7 September 2021)) immediately after the Disposal.

As the Disposal Shares were disposed of in the open market through the Stock Exchange, the Company is not aware of the identities of the purchasers of the Disposal Shares and accordingly, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the purchasers and their respective ultimate beneficial owners (where applicable) of the Disposal Shares are Independent Third Parties.

## **(B) THE POSSIBLE DISPOSAL(S) AND THE DISPOSAL MANDATE**

Given the volatility of the stock market, and to allow flexibility in effecting the Possible Disposal(s) at appropriate occasions, the Company has sought the approval of the Relevant Shareholders in lieu of a general meeting pursuant to Rule 14.44 of the Listing Rules for the grant of the Disposal Mandate to the Directors to dispose of, during the Mandate Period, all or part of the Mandate Shares held by the Group as at the date of this announcement.

### **Terms and conditions of the Disposal Mandate**

As at the date of this announcement, the Mandate Shares represent approximately 5.66% of the issued share capital of China Evergrande Group as at 31 August 2021 (calculated based on the total number of issued shares of China Evergrande Group as at 31 August 2021 as disclosed in its monthly return dated 7 September 2021). It is proposed that the Group intends to proceed with the Possible Disposal(s) so as to realise its securities investment under the following terms and conditions:

#### ***1. Maximum number of the Mandate Shares to be disposed***

The Group will, depending on the prevailing market conditions, dispose of up to 751,091,000 Mandate Shares on-market or through block trade(s) in one or series of transactions from time to time during the Mandate Period.

## **2. *The Mandate Period***

The Disposal Mandate will be valid for a period of 12 months from the date of passing of the relevant resolution(s) by the Relevant Shareholders (i.e., 23 September 2021).

## **3. *Manner of the Possible Disposal(s)***

The relevant designated Directors shall be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Possible Disposal(s), including but not limited to the number of tranches of disposals, the number of the Mandate Shares to be sold in each disposal, the timing of each disposal and whether by way of sale in the open market on the Stock Exchange or through block trade(s) by entering into placing agreements or arrangements with reputable investment banks as placing agents to Independent Third Party(ies). Accordingly, the Company will not be aware of the identities of the potential purchasers of the Mandate Shares and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the purchasers and their respective ultimate beneficial owners (where applicable) of the Possible Disposal(s) will be Independent Third Party(ies). As at the date of this announcement, there is no potential purchaser who has indicated its intention to purchase any of the Mandate Shares from the Group.

## **4. *Selling Price of the Mandate Shares***

The selling price of the Mandate Shares in the open market on the Stock Exchange will be the market price of the Mandate Shares at the relevant times and for any disposal through block trade(s), the terms and conditions of the sale would be negotiated on an arms' length basis with reference to the prevailing market price of the Mandate Shares, provided that the selling price of the Mandate Shares would be subject to the Minimum Selling Price.

### **Basis for determination of the Selling Price of the Mandate Shares**

The carrying amount of the Mandate Shares in the consolidated financial statements of the Company is determined with reference to the closing price of the Mandate Shares as at 31 December 2020 which was HK\$14.90 per share, any disposal of the Mandate Shares at a price lower than such price as at 31 December 2020 will be accounted for as a loss in other comprehensive income in the consolidated financial statements of the Company. As shown in the paragraphs headed "Reasons for and benefits of the Disposal, the Possible Disposal(s) and the Disposal Mandate" in this announcement, the closing prices of the Mandate Shares quoted on the Stock Exchange had declined significantly since March 2021 and further dropped to HK\$2.27 per share on 21 September 2021. By reference to the closing price per Mandate Shares on 21 September 2021 of HK\$2.27, which is lower than the closing price at 31 December 2020 (i.e., HK\$14.90 per share) by HK\$12.63, it is estimated that the Group will record a realised loss in other comprehensive income of approximately HK\$9,486.3 million for the year ending 31 December 2021, assuming all the Mandate Shares have been disposed of by the Group in 2021 pursuant to the Disposal Mandate, subject to audit.

Although the Group is expected to record a loss in other comprehensive income by reference to the recent market price of the Mandate Shares as stated above, the Directors are of the view that, in light of the factors stated in the paragraphs headed "Reasons for and benefits of the

Disposal, the Possible Disposal(s) and the Disposal Mandate", the Directors are of the view that the basis for determining the selling price of the Mandate Shares is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Consideration for the Possible Disposal(s)**

For illustration purpose, with reference to the closing price on 21 September 2021 of HK\$2.27 per Mandate Share, the estimated aggregate gross sale proceeds of the Possible Disposal(s) (on the assumption that all 751,091,000 Mandate Shares currently held by the Group are to be disposed of) will be approximately HK\$1,705.0 million.

## **INFORMATION OF CHINA EVERGRANDE GROUP, THE EVERGRANDE SHARES, THE DISPOSAL SHARES AND THE MANDATE SHARES**

### **China Evergrande Group**

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, China Evergrande Group (Stock Code: 3333) is an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange, and China Evergrande Group together with its subsidiaries are principally engaged in property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC.

### **The Evergrande Shares, the Disposal Shares and the Mandate Shares**

The Evergrande Shares were purchased by the Group in 2017 and 2018 and had since then been held by the Group. As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, the Group held a total of 860,000,000 Evergrande Shares (including the Disposal Shares and the Mandate Shares), which were purchased by the Group in 2017 and 2018 with an aggregate cost (including transaction costs) of approximately HK\$13,596.0 million, or average cost (including transaction costs) of approximately HK\$15.8 per share, and the Group had during the period from 30 August 2021 to 21 September 2021 through a series of transactions disposed of an aggregate of 108,909,000 Disposal Shares at an average price of approximately HK\$2.26 per share in the open market and thereby realised a gross sale proceeds of approximately HK\$246.5 million from such Disposal, and with the 751,091,000 Mandate Shares remained to be held by the Group as at the date of this announcement. The Evergrande Shares (including the Disposal Shares and the Mandate Shares) are listed on the Main Board of the Stock Exchange.

The consolidated financial information of China Evergrande Group is extracted from the annual reports of China Evergrande Group for the two financial years ended 31 December 2019 and 2020 as follows:

	<b>For the year ended 31 December 2019 RMB</b>	<b>For the year ended 31 December 2020 RMB</b>
Profit before taxation	74,172 million (equivalent to approximately HK\$89,348 million)	68,245 million (equivalent to approximately HK\$82,208 million)
Profit after taxation	33,542 million (equivalent to approximately HK\$40,405 million)	31,400 million (equivalent to approximately HK\$37,824 million)

As disclosed in the announcement of unaudited interim results of China Evergrande Group for the six months ended 30 June 2021 (“**China Evergrande Interim Results Announcement**”), the unaudited consolidated net assets of China Evergrande Group as at 30 June 2021 was approximately RMB411,041 million (equivalent to approximately HK\$495,140 million).

## **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, building and property management, brokerage, securities investment, money lending and cosmetics distribution and trading.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL, THE POSSIBLE DISPOSAL(S) AND THE DISPOSAL MANDATE**

The Disposal and the Possible Disposal(s) form part of the securities investment activities of the Group and are in the Group’s ordinary and usual course of business.

The Directors are cautious and concerned about the recent development of China Evergrande Group including certain disclosure made by China Evergrande Group on its liquidity and going concern in the China Evergrande Interim Results Announcement and the announcement of China Evergrande Group dated 14 September 2021, and the possible consequences and possible material adverse change in relation to its financial and operating positions in the event that the remedial measures said to have been taken and to be taken by China Evergrande Group could not be effectively implemented.

On the liquidity issue, in particular, on page 7 of the China Evergrande Interim Results Announcement under the heading “Liquidity and going concern”, it was stated that:

“As of the date of this results announcement, some payables related to property development were overdue, leading to the suspension of work on some projects of the group. The group is currently negotiating with suppliers and construction contractors to strive for the resumption of construction work of these projects through ways of deferred payment or sale of its properties to set off the outstanding payments.”

“In addition, the group will adopt the following measures to mitigate the liquidity issues that we are currently facing, which mainly includes adjusting project development timetable, strictly controlling costs, vigorously promoting sales and payment collection, striving for renewal and extension of borrowings, disposing of equity interests and assets (including but not limited to investment properties, hotels and other properties), and introducing new investors to increase the equity of the group and its subsidiaries. The group will study the above measures and adopt the plan that would be most beneficial to the group.

Management of the company has considered the assumptions regarding the operating cash flow, capital expenditures and financing needs, and projected anticipated cash flow for the coming twelve months. The directors, after reviewing the anticipated cash flow, are of the opinion that if the above measures are effectively implemented, the group will have sufficient working capital to meet the financial obligations which will be due within the next twelve months, and the preparation of the condensed consolidated interim financial information with a going concern basis is considered appropriate.

If the above measures cannot be effectively implemented, the directors believe that it would be inappropriate to prepare the condensed consolidated interim financial information on a going concern basis. Under such circumstance, the group shall consider the following adjustments in the condensed consolidated financial information; (i) to write down the carrying amounts of the assets to their realisable values; (ii) to provide for contingent liabilities which might arise and (iii) to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these potential adjustments have not been reflected in the current condensed consolidated interim financial information.”

On page 2 of the announcement of China Evergrande Group dated 14 September 2021 under the heading “Two Subsidiaries Of The Company Failed To Discharge Their Guarantee Obligations And Update On Liquidity Issues”, it was stated that:

“As of the date of this announcement, two subsidiaries of the company failed to discharge their guarantee obligations as scheduled for the wealth management products issued by third parties. The relevant amount involved is approximately RMB934 million. The company is in active discussion with the issuers and investors with a view to reaching a mutually agreeable repayment arrangement.

In view of the difficulties, challenges and uncertainties in improving its liquidity as mentioned above, there is no guarantee that the group will be able to meet its financial obligations under the relevant financing documents and other contracts. If the group is unable to meet its guarantee obligation or to repay any debt when due or agree with the relevant creditors on extensions of such debts or alternative agreements, it may lead to cross-default under the group’s existing financing arrangements and relevant creditors demanding acceleration of repayment. This would have a material adverse effect on the group’s business, prospects, financial condition and results of operations.”

Further, the Directors are aware and cautious that the share price of China Evergrande Group has declined significantly in the recent months.

The closing price of share of China Evergrande Group as at last trading dates of each month since 31 December 2020 and the latest trading date prior to this announcement are as follows:

	HK\$
31 December 2020	14.90
29 January 2021	14.94
26 February 2021	15.88
31 March 2021	14.80
30 April 2021	13.16
31 May 2021	11.64
30 June 2021	10.12
30 July 2021	5.26
31 August 2021	4.36
21 September 2021	2.27

In view of the above and given the volatility of the stock market and changing market and economic conditions, the Directors are of the view that:

- (a) the Disposal and the Possible Disposal(s) provide an immediate liquidity to the Group, and allows the Group to re-allocate the proceeds for other reinvestment opportunities when they arise; and
- (b) given that the disposal of all the Mandate Shares on aggregate basis (in aggregation with the Disposal) would constitute a major transaction of the Company subject to shareholders' approval under Chapter 14 of the Listing Rules, and disposing of the Mandate Shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each Possible Disposal, the Disposal Mandate could give flexibility to the Directors to observe the price performance of the Mandate Shares and to act promptly, effectively and efficiently with reference to the changing market conditions and economic situation so as to maximise the proceeds which could be realised from the Possible Disposal(s).

Given that the Disposal was conducted through the open market and the consideration for the Disposal was determined based on the prevailing market price of the Disposal Shares available in the open market, the Directors consider that the Disposal is on normal commercial terms and the terms are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

Given that the Possible Disposal(s) will be conducted through open market or through block trade(s) and the consideration for the Possible Disposal(s) will be determined based on the prevailing market price of the Mandate Shares in the open market and Possible Disposal(s) through block trades will be subject to the Minimum Selling Price, the Directors consider that the Possible Disposal(s) and the Disposal Mandate are on normal commercial terms and the terms are fair and reasonable and the Possible Disposal(s) and the Disposal Mandate are in the interests of the Company and the Shareholders as a whole.

In the event that not all the Mandate Shares have been disposed of upon the expiry of the Mandate Period, depending on the prevailing market and economic conditions at the relevant time, the Company may consider seeking Shareholders' approval for refreshment of the Disposal Mandate or extension of the Mandate Period if and when necessary and appropriate.

## **FINANCIAL EFFECT OF THE DISPOSAL AND POSSIBLE DISPOSAL(S) AND USE OF PROCEEDS**

In the consolidated financial statements of the Company, all the Evergrande Shares held by the Group (including the Disposal Shares and the Mandate Shares) have been classified as "equity investment" and as "financial assets measured at fair value through other comprehensive income" in the consolidated statement of financial position of the Company, and the dividend income from the Evergrande Shares is presented as "revenue in profit or loss", and the gain/loss on fair value change of such equity investment is presented as "other comprehensive income/expenses" that will not be reclassified to profit or loss, respectively, in the consolidated statement of comprehensive income of the Company.

The carrying amount of the Disposal Shares as at 31 December 2020 in the Company's consolidated financial statements was approximately HK\$1,622.7 million. As a result of the Disposal, the Group is expected to record a realised loss in other comprehensive income of approximately HK\$1,376.7 million for the year ending 31 December 2021, subject to audit, which is calculated based on the difference between (i) the net amount of the gross sale proceeds from the Disposal minus the relevant transaction costs; and (ii) the carrying amount of the Disposal Shares as at 31 December 2020.

During the six months ended 30 June 2021, the Group received China Evergrande Group's final dividend for the year 2020 of RMB0.152 (equivalent to approximately HK\$0.182) per share applicable to all the 860,000,000 Evergrande Shares held by the Group, in aggregate of approximately HK\$156.5 million.

The carrying amount of the Mandate Shares as at 31 December 2020 in the Company's consolidated financial statements was approximately HK\$11,191.3 million. For illustration purpose, on the assumption that all the 751,091,000 Mandate Shares currently held by the Group are to be disposed of during 2021 with reference to the closing price on 21 September 2021 of HK\$2.27 per Mandate Share, it is expected that the Group will record a realised loss in other comprehensive income of approximately HK\$9,486.3 million for the year ending 31 December 2021 as a result of the Possible Disposal(s), subject to audit. The realised loss represents the difference between (i) the estimated gross sale proceeds of the Possible Disposal(s) of approximately HK\$1,705.0 million with reference to the closing price on 21 September 2021; and (ii) the carrying amount of the Mandate Shares as at 31 December 2020 of approximately HK\$11,191.3 million. If the Disposal is taken into account on aggregated basis, and based on same assumption that all the 751,091,000 Mandate Shares are to be disposed of during 2021 with reference to the closing price on 21 September 2021 of HK\$2.27 per Mandate Share, it is expected that the Group will record a realised loss in other comprehensive income of approximately HK\$10,863.0 million for the year ending 31 December 2021 as a result of disposal of all the 860,000,000 Evergrande Shares, subject to audit.

Shareholders should note that the financial effect shown above is for reference only and the actual amount of gain or loss resulting from the Possible Disposal(s) will eventually be recognised in the consolidated financial statements of the Company.

The Directors intend to use the proceeds from the Disposal and the Possible Disposal(s) for general working capital and for reinvestment when opportunities arise.

## **LISTING RULES IMPLICATIONS**

### ***(1) Regarding the Disposal***

As the Disposal was conducted through a series of transactions from 30 August 2021 to 21 September 2021 within a 12-month period, the aggregate of 108,909,000 Disposal Shares involved in the Disposal were therefore aggregated pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratio(s) under Rule 14.07 of the Listing Rules in relation to the Disposal, when calculated on an aggregated basis as mentioned above, are more than 5%, but all the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### ***(2) Regarding the Possible Disposal(s) and the Disposal Mandate***

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Possible Disposal(s) and the Disposal Mandate, when aggregated with the Disposal, exceeds 25% but is not more than 75%, the Possible Disposal(s) and the Disposal Mandate therefore constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Possible Disposals and the Disposal Mandate and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Possible Disposals and the Disposal Mandate. On the date of this announcement, pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval on 23 September 2021 for the Possible Disposals and the Disposal Mandate from Solar Bright Ltd., Joseph Lau Luen Hung Investments Limited and Century Frontier Limited (the "**Relevant Shareholders**"), each beneficially interested in 723,290,948 Shares, 230,984,820 Shares and 476,425,000 Shares respectively, and directly or indirectly wholly-owned by Sino Omen Holdings Limited, being a closely allied group of Shareholders which together are beneficially interested in 1,430,700,768 Shares, representing approximately 74.99% of the issued share capital of the Company as at the date of this announcement, carrying rights to vote at a general meeting of the Company.

Accordingly, no general meeting will be held by the Company to approve the Possible Disposals and the Disposal Mandate.

Pursuant to Rule 14.41 of the Listing Rules, as the Possible Disposals and the Disposal Mandate have been approved by written shareholders' approval pursuant to Rule 14.44 of the Listing Rules, the Company is required to despatch a circular containing, among other things, further details of the Possible Disposals and the Disposal Mandate to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 18 October 2021. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular

under the Listing Rules, in which case the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make a further announcement of the expected despatch date of the circular in due course.

Whether the Group decides to proceed with the Possible Disposal(s) or not, or to what extent, will depend on a number of factors, including without limitation, prevailing market sentiments and market conditions during the Mandate Period. While the Group currently intends to proceed with the Possible Disposal(s), there is no assurance that the Group will eventually proceed with any part of the Possible Disposal(s). **Shareholders and other potential investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.**

## DEFINITIONS

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

<b>“Board”</b>	the board of Directors;
<b>“China Evergrande Group”</b>	China Evergrande Group (Stock Code: 3333), an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange;
<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>“connected person(s)”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Director(s)”</b>	director(s) of the Company;
<b>“Disposal”</b>	the disposal of the Disposal Shares by the Group through a series of disposals made during the period from 30 August 2021 to 21 September 2021 at an average price of approximately HK\$2.26 per share;
<b>“Disposal Mandate”</b>	a mandate proposed to be granted by the Shareholders to the Directors to dispose of all or part of the Mandate Shares currently held by the Group on-market or through block trade(s) during the Mandate Period in accordance with the terms and conditions set out under the paragraph headed “(B) The Possible Disposal(s) and the Disposal Mandate – Terms and conditions of the Disposal Mandate” in this announcement;
<b>“Disposal Share(s)”</b>	the 108,909,000 Evergrande Shares disposed of by the Group under the Disposal;

<b>“Evergrande Share(s)”</b>	the 860,000,000 issued shares of China Evergrande Group acquired by the Group in its securities investment and legally and beneficially held by the Group as at 30 June 2021 and immediately before the Disposal;
<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 PRC;
<b>“Independent Third Party(ies)”</b>	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules);
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Mandate Period”</b>	the validity period of the Disposal Mandate, being a period of 12 months from the date of passing of the relevant resolution(s) by the Relevant Shareholders in the form of a written Shareholders’ approval (i.e., 23 September 2021);
<b>“Mandate Share(s)”</b>	the 751,091,000 Evergrande Shares legally and beneficially held by the Group as at the date of this announcement and proposed to be disposed of pursuant to the Disposal Mandate;
<b>“Minimum Selling Price”</b>	HK\$0.01 per Mandate Share (excluding transaction cost), or any other minimum price as prescribed under the Listing Rules from time to time where in the event the market price of the listed securities of a listed issuer approaches such prescribed minimum price the Stock Exchange would reserve the right to require the listed issuer to change the trading method or to proceed with a consolidation of its securities;
<b>“percentage ratio(s)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Possible Disposal(s)”</b>	the proposed disposal(s) of the Mandate Shares under the Disposal Mandate;
<b>“PRC”</b>	the People’s Republic of China;
<b>“Relevant Shareholders”</b>	has the meaning ascribed to it in the paragraphs headed “Listing Rules Implications” in this announcement;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;

<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>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited; and
<b>“%”</b>	per cent.

*For the purpose of this announcement, the conversion of RMB into HK\$ is based on the exchange rate of RMB1 to HK\$1.2046 for illustration purpose only.*

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

Hong Kong, 23 September 2021

*As at the date of this announcement, the Board comprised 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>*