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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

**MAJOR TRANSACTION
FORMATION OF JOINT VENTURE
AND
SUCCESSFUL TENDER AND ACQUISITION OF LAND BY JOINT VENTURE**

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acceptance Letter”	the letter of acceptance dated 13 September 2023 issued by the Lands Department to the Tenderer confirming the acceptance of the Tender submitted by the Tenderer;
“Acquisition”	the acquisition of the Land under the terms of the Conditions of Sale;
“Announcement”	the announcement of the Company dated 14 September 2023 in respect of the Transactions;
“Board”	the board of Directors;
“China Overseas”	China Overseas Land and Investment Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 688);
“close associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Company”	Chinese Estates Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 127);
“Conditions of Sale”	the form of agreement and conditions of sale of the Land as set out in the Tender documents;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Great Eagle”	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 41);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“JV”	Fansway Limited, a company incorporated in Hong Kong with limited liability, which is ultimately held by Sino Land, China Overseas, Great Eagle and the Company as to 50%, 20%, 20% and 10% respectively;
“JV MOA”	the memorandum of agreement dated 11 September 2023 entered into among Sino Land, China Overseas, Great Eagle and the Company in relation to the formation of the JV and the Tenderer for the Acquisition and the development of the Land;
“JV Partners”	the joint venture partners, namely, Sino Land, China Overseas, Great Eagle and the Company, being parties to the JV MOA;
“Land”	a piece of land known as New Kowloon Inland Lot No. 6590, located at Kai Tak Area 2A Site 2 and Site 3, Kai Tak, Kowloon, Hong Kong;
“Land Premium”	the land premium of HK\$5,350 million, being the bidding price submitted by the Tenderer under the Tender and the consideration of the Acquisition;
“Lands Department”	the Lands Department of the Government of Hong Kong;
“Latest Practicable Date”	3 October 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum of Agreement”	the form of the memorandum of agreement to be entered into between the Government of Hong Kong and the Tenderer in respect of the Acquisition as set out in the Tender documents;
“Ms. HW Chan”	Ms. Chan, Hoi-wan, an executive Director, the chief executive officer of the Company and a trustee of the substantial shareholders of the Company (who are her minor children) as at the Latest Practicable Date;
“percentage ratio(s)”	has the meaning ascribed to it in the Listing Rules;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Share(s);
“Sino Land”	Sino Land Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 83);
“sq. m.”	square metre, unit of area;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules;
“Tender”	the sale of the Land by the Government of Hong Kong by way of public tender;
“Tenderer”	Capital Asian Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the JV;
“Transactions”	the Acquisition and the joint venture arrangements for the development of the Land contemplated under the JV MOA; and
“%”	per cent.

LETTER FROM THE BOARD



CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

Executive Directors:

Chan, Hoi-wan (*Chief Executive Officer*)

Chan, Lok-wan

Non-executive Directors:

Lau, Ming-wai (*Chairman*)

Amy Lau, Yuk-wai

Independent Non-executive Directors:

Chan, Kwok-wai

Leung, Yun-fai

Phillis Loh, Lai-ping

Ma, Tsz-chun

Registered office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

Principal office in Hong Kong:

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Windsor House

311 Gloucester Road

Causeway Bay

Hong Kong

6 October 2023

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
FORMATION OF JOINT VENTURE
AND
SUCCESSFUL TENDER AND ACQUISITION OF LAND BY JOINT VENTURE**

1. INTRODUCTION

Reference is made to the Announcement in relation to the Transactions.

The purpose of this circular is, among other things, to provide you with further details of the Transactions and other information as required to be contained in this circular under the Listing Rules.

LETTER FROM THE BOARD

2. SUCCESSFUL TENDER AND ACQUISITION OF THE LAND BY THE TENDERER

On 13 September 2023, the Tenderer received the Acceptance Letter from the Lands Department confirming that its Tender for the Land located at Kai Tak Area 2A Site 2 and Site 3, Kai Tak, Kowloon, Hong Kong at the Land Premium of HK\$5,350 million has been accepted.

Date of the Acceptance Letter

13 September 2023

Parties

- (1) The Government of Hong Kong as vendor; and
- (2) The Tenderer as purchaser.

The Tenderer was incorporated pursuant to the terms of JV MOA solely for the Acquisition and the development of the Land, and is directly wholly owned by the JV, which in turn is ultimately held by Sino Land, China Overseas, Great Eagle and the Company as to 50%, 20%, 20% and 10% respectively.

To the best of the knowledge, information and belief of the Directors, the Government of Hong Kong is a third party independent of the Company and its connected persons.

Information on the Land

Location:	New Kowloon Inland Lot No. 6590, located at Kai Tak Area 2A Site 2 and Site 3, Kai Tak, Kowloon, Hong Kong
Site Area:	Approximately 13,499 sq. m.
Maximum gross floor area:	Approximately 92,185 sq. m.
Minimum gross floor area:	Approximately 55,311 sq. m.
Permitted use:	Non-industrial (excluding godown, hotel and petrol filling station) purposes

The Land comprises the development site located at New Kowloon Inland Lot No. 6590, Kai Tak Area 2A Site 2 and Site 3, Kai Tak, Kowloon, Hong Kong and will have direct access to Sung Wong Toi Station via the future underground shopping street.

LETTER FROM THE BOARD

Land Premium

The Land Premium payable is HK\$5,350 million. As at the Latest Practicable Date, deposit in the total sum of HK\$535 million has been paid by the Tenderer and applied in part payment of the Land Premium. The remaining balance of the Land Premium shall be settled by the Tenderer on or before 11 October 2023 in accordance with the payment schedule prescribed in the Tender documents.

The Land Premium, being the bidding price submitted by the Tenderer under the Tender, was determined by the JV Partners on arm's length basis, taking into account various factors including the location of the Land, the prevailing market conditions, the current land price in the surrounding area of the Land, the site area and maximum gross floor area of the Land of approximately 13,499 sq. m. and approximately 92,185 sq. m. respectively, development prospects and the potential of the Land and the overall prospect of the property market in Hong Kong.

3. FORMATION OF THE JV AND THE TENDERER

The Acquisition was undertaken by the Company with the other JV Partners on a joint basis through the joint venture arrangements as agreed under the JV MOA. Pursuant to the terms of the JV MOA, the JV Partners have set up the JV and the Tenderer solely for the Transactions.

Parties to the JV MOA

- (1) Sino Land;
- (2) China Overseas;
- (3) Great Eagle; and
- (4) The Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Sino Land, China Overseas and Great Eagle and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Purpose of the JV and the Tenderer

The JV and the Tenderer shall be single purpose vehicles for the purposes of the Acquisition and the development of the Land and shall operate in a manner consistent with the purposes specified in the Tender/land grant documents in relation to the Land. The Tenderer shall develop the Land into a residential and retail development together with government accommodation in compliance with the Conditions of Sale with disposal of the residential units erected thereon as the prime objective.

LETTER FROM THE BOARD

Capital commitment and project financing

The Land Premium shall be contributed by the JV Partners according to their shareholding proportion in the JV. The Tenderer shall bear all the development cost of the Land, which shall be met by loans from banks or financial institutions and on terms to be agreed by all the JV Partners, and to the extent any funding requirements cannot be met by such external loans, they shall be met by shareholders' loans to be provided by the JV Partners to the JV on pro-rata basis in proportion to their respective shareholding in the JV, and the JV shall in turn provide the funding to the Tenderer by way of shareholder's loan. Interest rate of the shareholders' loan shall be at a rate to be agreed by all the JV Partners. In the event that any guarantees or securities shall be required by banks or financial institutions, the JV Partners shall provide the same on a several and pro rata basis in proportion to their respective shareholding in the JV.

The Group's capital commitment for the Transactions is estimated to be HK\$1,050 million, comprising 10% of the Land Premium and 10% of the estimated construction cost for the development of the Land. The estimated construction cost for the development of the Land was estimated based on the prevailing market construction costs, the key cost components including the estimated costs of building materials, labour and equipment and the estimated scale of development of the Land. Funding required to be contributed by the Group is expected to be financed by the Group's internal resources and/or bank borrowings.

The amount of capital commitment of the JV Partners was determined after arm's length negotiation among the JV Partners with reference to, among other factors, the Land Premium, the estimated construction cost for the development of the Land and the JV Partners' respective shareholdings in the JV.

Guarantees

The JV Partners agreed to act as the guarantors for the obligations of the JV and the Tenderer on a several and pro-rata basis according to their respective shareholding in the JV. It is expected that the total amount of the Group's guarantee amount of HK\$1,050 million equals to the Group's capital commitment for the Land Premium and the estimated construction cost for the development of the Land as stated above, barring unforeseen circumstances.

Management of the JV and the Tenderer

The board of directors of each of the JV and the Tenderer shall consist of ten directors. Sino Land shall be entitled to appoint five directors, each of China Overseas and Great Eagle shall be entitled to appoint two directors, and the Company shall be entitled to appoint one director.

Profit sharing policy

The JV Partners shall be entitled to share the profits distributed by the JV and the Tenderer in proportion to their respective shareholding in the JV.

LETTER FROM THE BOARD

Restrictions on transfer of shares in the JV

None of the JV Partners shall, except with the prior written consent of the other JV Partners, directly or indirectly transfer or dispose of, or create any mortgage or encumbrances over any of its shares in the JV, except for transfer of shares to its wholly owned subsidiary(ies) and/or affiliate(s). Any JV Partner wishing to dispose of its shares in the JV shall be subject to the right of first refusal of the other JV Partners.

Reserved matters

According to the JV MOA, neither the JV nor the Tenderer may, without the unanimous consent of all of the JV Partners, decide and conduct various major decisions and actions, which shall include: (i) changing the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the Tender documents; or (ii) entering into any transactions which are not on an arm's length basis.

Formal Joint Venture Agreement

All the JV Partners shall enter into a formal joint venture agreement within 6 months from the date of the Tender was accepted (or any other time the JV Partners may agree) which shall be substantially based on the commercial rationale reflected in the JV MOA.

4. INFORMATION ON THE JV, THE TENDERER, THE GROUP AND THE JV PARTNERS

The JV is a company incorporated in Hong Kong with limited liability, and is the holding company of the Tenderer and is ultimately held by Sino Land, China Overseas, Great Eagle and the Company as to 50%, 20%, 20% and 10% respectively according to the JV MOA.

The Tenderer is a company incorporated in Hong Kong with limited liability, which is wholly owned by the JV.

The Company is an investment holding company and its subsidiaries' principal activities are property investment and development, building and property management, brokerage, securities investment, money lending and cosmetics distribution and trading.

Sino Land is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 83). The principal activities of Sino Land and its subsidiaries include property development and investment, investment in securities, financing, hotel and building management and services.

China Overseas is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 688). The principal activities of China Overseas and its subsidiaries include property development and investment, and other operations.

LETTER FROM THE BOARD

Great Eagle is a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 41). The principal activities of Great Eagle and its subsidiaries include investment holding, property development and investment, operations of hotel, restaurant and flexible workspace, asset management, project management, trading of building materials, securities investment, provision of property management, maintenance and property agency services and property leasing.

5. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Property investment and development is among the principal activities of the Group. The Acquisition and development of the Land through the joint venture arrangement under the JV MOA are in line with the ordinary and usual course of business and strategic investment for the Group. The Directors consider that the Transactions provide the Group with an opportunity to have a foothold in residential development in a prime area of the Kai Tak district in Hong Kong and to continue diversifying its property investment and development portfolio. The JV also serves as a platform for the Group to continue working with other reputable property developers in Hong Kong. The Directors consider that (i) the Transactions are conducted in the Group's ordinary and usual course of business; (ii) the Acquisition (including the terms of the Conditions of Sale and the Memorandum of Agreement) and the joint venture arrangement contemplated under the JV MOA (including the terms of the JV MOA, and financing, management and profit distribution arrangements contemplated thereunder) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the terms of the JV MOA have been arrived at after arm's length negotiations among the JV Partners.

6. FINANCIAL EFFECT OF THE TRANSACTIONS ON THE GROUP

Upon completion of the formation of the JV, the JV will be accounted for in the consolidated financial statements of the Company as a "financial assets measured at fair value through other comprehensive income" and the amount of capital contribution provided by the Group will be recognised in its consolidated financial statements. Assuming the capital commitment of HK\$1,050 million is financed by cash and bank balances, there will be no material impact on both the Group's total assets and total liabilities. The overall effects of the Transactions on the future earnings of the Group will depend on, among other things, the operating results of the JV and the Tenderer.

7. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Transactions exceeds 25% but all of the applicable percentage ratios are less than 100%, the Transactions constitute a major transaction of the Company.

LETTER FROM THE BOARD

The Transactions are regarded as a Qualified Property Acquisition (as defined in Rule 14.04(10C) of the Listing Rules). The Board has confirmed that (i) the Transactions are conducted in the Group's ordinary and usual course of business; (ii) the Acquisition (including the terms of the Conditions of Sale and the Memorandum of Agreement) and the joint venture arrangement contemplated under the JV MOA (including the terms of the JV MOA, and financing, management and profit distribution arrangements contemplated thereunder) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the terms of the JV MOA have been arrived at after arm's length negotiations among the JV Partners. Accordingly, the Transactions are subject to reporting, announcement and circular requirements but are exempt from the shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules; and the requirement to include a valuation report in the circular pursuant to Rule 14.33B of the Listing Rules.

None of the Directors has any material interest in the Transactions. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, as no Shareholder has material interests in the Transactions, no Shareholder would be required to abstain from voting if the Company is to convene a general meeting for approving the Transactions. However, as the Transactions are exempt from shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules, the Company is not required to convene a general meeting for approving the Transactions.

8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Chan, Hoi-wan
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 are disclosed in the annual reports of the Company for each of the three years ended 31 December 2020, 2021 and 2022 and the interim report of the Company for the six months ended 30 June 2023, respectively. These annual reports and interim report are published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the website of the Company (<https://www.chineseestates.com>):

- (a) annual report of the Company for the year ended 31 December 2020 published on 23 April 2021 (pages 123-289);
- (b) annual report of the Company for the year ended 31 December 2021 published on 26 April 2022 (pages 119-281);
- (c) annual report of the Company for the year ended 31 December 2022 published on 26 April 2023 (pages 109-265); and
- (d) interim report of the Company for the six months ended 30 June 2023 published on 26 September 2023 (pages 3-49).

2. INDEBTEDNESS STATEMENT**Borrowings**

As at the close of business on 31 August 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings as follows:

	31 August 2023
	<i>HK\$'000</i>
Secured bank loans	3,484,676
Amounts due to associates	46,702
Amounts due to investee companies	47,248
Amounts due to non-controlling shareholders	275
	<hr/>
	3,578,901
	<hr/> <hr/>

The bank loans were secured by the Group's investment properties, properties, pledged deposits and interests in certain subsidiaries of the Company.

Lease liabilities

The Group recognised right-of-use assets and corresponding lease liabilities in respect of all leases unless they qualify for low-value or short-term leases. The lease liabilities represent obligation to make lease payment for right of using underlying assets. As at 31 August 2023, the Group had lease liabilities of approximately HK\$89 million which were secured by rental deposits and unguaranteed.

Guarantees

As at 31 August 2023, the Group provided financial guarantees and indemnity, details are shown as follows:

	31 August 2023
	<i>HK\$'000</i>
Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries	15,000
Guarantee given to a bank in respect of a banking facility utilised by an investee company/indemnity given to a third party in relation to an investee company	613,830
	<u>628,830</u>

Save as aforesaid and apart from normal trade payables in the ordinary course of the business of the Group, as at the close of business on 31 August 2023, the Group did not have any (i) debt securities of the Group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured; (ii) other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt; (iii) any outstanding mortgages and charges; or (iv) any material contingent liabilities or guarantees.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company have been made up.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internal resources, cash flow from operations, the present facilities available and also the effect of the Transactions, the Group will have sufficient working capital to satisfy its present requirements, that is, for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in property investment and development, building and property management, brokerage, securities investment, money lending and cosmetics distribution and trading.

After a prolonged period of disruptions and uncertainties, the overall global economy is steadily restoring to normalcy. Despite the growth of global optimism, the impacts of such a prolonged period of uncertainties such as geopolitical instability, rising interest rates and stubborn inflation, etc., still reverberate across the world economy. In Hong Kong, the residential property markets has continued to weaken amid interest rates hike. Major banks in Hong Kong raised their best lending rates, which increased the mortgage burden for buyers. It is believed that the increasing interest rate will reach its peak soon and hopefully the property market will gradually resume.

Against this backdrop, the Group's revenue for the six months ended 30 June 2023 (the "Period") recorded a decrease of 77.1 % from approximately HK\$1,181.4 million for the corresponding period in 2022 to approximately HK\$270.6 million for the Period. Gross profit for the Period amounted to approximately HK\$246.9 million, recorded a decrease of 78.7% from approximately HK\$1,161.6 million for the corresponding period in 2022. The decreases in revenue and gross profit were mainly due to the decrease of dividend income from an investee company engages in property development and trading for the Period.

Benefiting from the border reopening and the revival of inbound tourism, Hong Kong's economy improved visibly in the first quarter. However, data shows that the momentum has been softened in the second quarter. Despite this, it is expected that private consumption and inbound tourism will remain as the major driving force behind the economic growth over the remainder of 2023. The Group's local retail investment properties continued to lease well during the Period due to its prime location. The total rental income in revenue from the segment of retail property leasing in Hong Kong for the Period amounted to approximately HK\$16.1 million (as compared with the corresponding period in 2022 of approximately HK\$16.8 million). The Group will closely monitor the changes in consumption patterns, boost customer flow and spending for its retail investment properties by organising various marketing and promotion activities.

In the United Kingdom, the Group is undergoing property redevelopment and asset enhancements for our investment properties located in the heart of London, and thus rental income will be affected. The Group believes that the revamped properties will meet the high demands of top-tier international commercial occupiers. We consider this approach will facilitate long-term development and create long-term business values to our Group.

The net profit recognised from the Group's securities investments and treasury products for the Period was approximately HK\$10.3 million. The Group will continue to closely monitor its portfolio of securities investment to achieve satisfactory returns.

For the year ahead, both challenges and opportunities coexist. The Group will continue to manage its business and investment portfolios with cautiously optimistic stance amidst economic uncertainties.

Property investment and development is among the principal activities of the Group. The joint venture arrangement under the JV MOA and the development of the Land are in line with the ordinary and usual course of business and strategic investment for the Group. The Directors consider that the Transactions will provide the Group with an opportunity to have a foothold in residential development in a prime area of the Kai Tak district in Hong Kong and continue diversifying its property investment and development portfolio. The JV also serves as a platform for the Group to continue working with other reputable property developers in Hong Kong.

Save as otherwise disclosed in the announcements, circulars, annual reports and interim reports of the Company, the Company is not aware of any material changes to the financial and trading prospects of the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he/she was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Long Positions

(i) The Company

Name of Director(s)	Number of Shares Held	Note	Capacity	Percentage of Issued Share Capital
Ms. HW Chan	1,430,700,768	#	Interest in controlled corporation and interest of children under 18	74.99%

Note:

These Shares were directly held by Joseph Lau Luen Hung Investments Limited as to 230,984,820 Shares, Solar Bright Ltd. as to 723,290,948 Shares and Century Frontier Limited as to 476,425,000 Shares. Each of Joseph Lau Luen Hung Investments Limited and Century Frontier Limited was wholly-owned by Solar Bright Ltd. which was in turn wholly owned by Sino Omen Holdings Limited. The entire share capital of Sino Omen Holdings Limited was held by Ms. HW Chan as the trustee of her minor children Lau, Chung-hok, Lau, Sau-wah and Lau, Sau-ye. Therefore, pursuant to Part XV of the SFO, Ms. HW Chan was deemed to be interested in all these 1,430,700,768 Shares.

(ii) Associated corporations of the Company

Name of Director(s)	Name of Associated Corporations	Number of Share(s) Held	Note	Capacity	Percentage of Issued Share Capital
Ms. HW Chan	Sino Omen Holdings Limited	50,000	*	Interest of children under 18	100%
Ms. HW Chan	Solar Bright Ltd.	1	*	Interest in controlled corporation and interest of children under 18	100%

Note:

* Ms. HW Chan (as the trustee for her minor children Lau, Chung-hok, Lau, Sau-wah and Lau, Sau-yee) directly held the entire issued share capital of Sino Omen Holdings Limited. Sino Omen Holdings Limited directly held the entire issued share capital of Solar Bright Ltd. Therefore, Ms. HW Chan as the trustee for her said minor children was also regarded as interested in the entire issued share capital of Solar Bright Ltd.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, Ms. HW Chan was a director of Sino Omen Holdings Limited, Solar Bright Ltd., Joseph Lau Luen Hung Investments Limited and Century Frontier Limited (all of them were substantial shareholders of the Company within the meaning of Part XV of the SFO). Save as disclosed above, none of the Directors was a director or an employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

3. MATERIAL LITIGATION

As at the Latest Practicable Date, so far as known to the Directors, there was no litigation, arbitration or claim of material importance in which the Group was engaged or pending or threatened against the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered or proposed to enter into any service contract with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

5. MATERIAL CONTRACTS

During the two years immediately preceding the date of this circular, the following contract, not being a contract entered into in the ordinary course of business, has been entered into by the Company and/or members of the Group and is or may be material:

- (a) a contract for services dated 16 August 2023 entered into between Chinese Estates, Limited (a direct wholly-owned subsidiary of the Company) (“**CEL**”) and Ms. HW Chan in respect of the provision of leasing administration services, sale administration services, property management services, property administration services, asset management and maintenance services, rental services, advisory and consultancy services and other ordinary services for a term of 3 years commencing from 1 November 2023, where the caps of the services charges for the period from 1 November 2023 to 31 December 2023, for the years 2024 and 2025, and for the period from 1 January 2026 to 31 October 2026, are set at HK\$10,300,000, HK\$62,900,000, HK\$65,800,000 and HK\$57,600,000 respectively, as disclosed in the announcement of the Company dated 16 August 2023.

6. INTEREST IN ASSETS OR CONTRACTS

- (a) Save for the agreements disclosed in (i), (ii) and (iii) below, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have since 31 December 2022, being the date to which the latest audited financial statements of the Company for the year ended 31 December 2022 were made up, been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group:
 - (i) a tenancy agreement dated 28 March 2022 entered into between Landrich (H.K.) Limited (an indirect wholly-owned subsidiary of the Company) as tenant and Windsor House Limited (a company indirectly wholly owned by Ms. HW Chan as a trustee of her minor children) (“**WHL**”) as landlord in relation to the leasing of certain premises of Chubb Tower, Windsor House for a term of 3 years as disclosed in the announcement of the Company dated 28 March 2022 and the supplemental announcement of the Company dated 30 March 2022;
 - (ii) a tenancy agreement dated 28 March 2022 entered into between CEL as tenant and WHL as landlord in relation to the leasing of certain floors of Chubb Tower, Windsor House for a term of 3 years as disclosed in the announcement of the Company dated 28 March 2022 and the supplemental announcement of the Company dated 30 March 2022; and

- (iii) a tenancy agreement dated 13 March 2023 entered into between CEL as tenant and WHL as landlord in relation to the leasing of certain floor of Chubb Tower, Windsor House for a term of 2 years 4 months and 19 days as disclosed in the announcement of the Company dated 13 March 2023.
- (b) Save for the agreements disclosed under the paragraph headed “5. Material Contracts” and in (a) under this paragraph headed “6. Interest in Assets or Contracts” in this appendix, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which contract or arrangement was subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, Ms. HW Chan and Mr. Lau, Ming-wai had personal and/or directorship interests in private companies engaged in property investment businesses and securities investment businesses; Ms. HW Chan had personal and/or directorship interests in private companies engaged in money lending business and property development business; and Mr. Lau, Ming-wai had personal and directorship interests in private company engaged in property management business. As such, they were regarded as being interested in such businesses which competed or might compete with the Group. Save as disclosed above, as at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

8. MISCELLANEOUS

- (a) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal place of business in Hong Kong is at 21st Floor, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong.
- (b) The Company’s Branch Registrar and Transfer Office in Hong Kong is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Ms. Mak, Kai-yee, who is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.chineseestates.com>) for a period of 14 days from the date of this circular:

- (a) the Acceptance Letter; and
- (b) the JV MOA.