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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this circular to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL**

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular unless the context requires otherwise. A letter from the Board is set out on pages 6 to 13 of this circular.

The Disposal has been approved by written Shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

17 September 2024

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 15 August 2024 in relation to the major transaction regarding the Disposal
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Balancing Amount”	the amount determined (which may be positive or negative, as the case may be) by taking the Final NAV and deducting from it the Provisional Share Consideration
“Bank Debt”	GBP22,920,086.87 (equivalent to approximately HK\$230.0 million), being the total aggregate amount of outstanding debt (including all principal, interest, fees and any other amount) owing by the Target Company to a bank which is an Independent Third Party pursuant to the terms of a revolving facility agreement dated 18 July 2022 between such bank and the Target Company for the purposes of Completion pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	any day that is not a Saturday, Sunday or public or bank holiday in England and/or Wales, the BVI, the Island of Jersey, Singapore and Hong Kong
“BVI”	the British Virgin Islands
“Company”	Chinese Estates Holdings Limited (Stock Code: 127), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	the day on which the Completion took place, being the date of the Sale and Purchase Agreement
“Completion Payment”	an amount equal to the Provisional Share Consideration less the Initial Escrow Funds

DEFINITIONS

“Completion Statement”	a statement setting out the NAV immediately prior to Completion to be agreed and determined after the Completion pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Debt Consideration”	the consideration payable for repayment of the Bank Debt and the Intra Group Debt paid by the Purchaser on the Completion Date
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Vendor to the Purchaser, the repayment of the Bank Debt and the Intra Group Debt and such other transactions as contemplated under the Sale and Purchase Agreement
“Escrow Account”	an interest-bearing GBP bank account with the Escrow Agent in the name of the Purchaser that shall be administered by the Escrow Agent in accordance with an escrow agreement to be entered into among the Vendor, the Purchaser and the Escrow Agent
“Escrow Agent”	such escrow agent as may be appointed by the Parties
“Escrow Undertaking”	an undertaking from the Purchaser’s solicitors that from Completion, the Initial Escrow Funds held by the Purchaser’s solicitors pending appointment of the Escrow Agent by both Parties within four weeks from the Completion Date
“Estimated NAV”	the estimated NAV immediately prior to Completion agreed between the Parties at Completion pursuant to the Sale and Purchase Agreement, being GBP6,055,723.32 (equivalent to approximately HK\$60.8 million)
“Final NAV”	the final NAV immediately prior to Completion as set out in the Completion Statement and subject at all times to the Share Cap
“GBP”	British pound sterling, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries

DEFINITIONS

“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
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected person(s)
“Initial Escrow Funds”	an aggregate amount of GBP1.15 million (equivalent to approximately HK\$11.5 million)
“Intra Group Debt”	GBP96,414,902.39 (equivalent to approximately HK\$967.6 million), being the total aggregate amount of outstanding debt (including all principal, interest, fees and any other amount) owing by the Target Company to the Group immediately prior to Completion
“Latest Practicable Date”	11 September 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Liabilities”	all contingent withholding tax liabilities arising from interest payment relating to the Bank Debt prior to Completion (and all reasonably and properly incurred costs of the Purchaser and the Target Company in relation thereto)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“NAV”	the aggregate value of the assets of the Target Company less the aggregate amount of the liabilities of the Target Company (including, among others, the Bank Debt and the Intra Group Debt as liabilities of the Target Company)
“Parties”	the Vendor and the Purchaser
“Property Valuer”	Moore Transaction Services Limited, an independent professional valuer
“Provisional Share Consideration”	an amount equal to the Estimated NAV paid by the Purchaser on the Completion Date

DEFINITIONS

“Purchaser”	Oval Gymkhana Holdco Limited, a company incorporated in Jersey with limited liability
“Relevant Shareholders”	collectively, Solar Bright Ltd., Joseph Lau Luen Hung Investments Limited and Century Frontier Limited, which together were 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 the written shareholders’ approval obtained for the Disposal
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 August 2024 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Share”	one share of US\$1 par value of the Target Company, representing its entire issued share capital
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Cap”	130% of the Estimated NAV
“Share Consideration”	the consideration payable for the disposal of the Sale Share pursuant to the Sale and Purchase Agreement which is equal to the Final NAV
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Target Company”	State Smart Limited, a company incorporated in the BVI with limited liability
“Target Property”	the property held directly by the Target Company which is as set out under the paragraph headed “Information of the Target Property” in the section “Information of the Target Company and the Target Property” of this circular
“United Kingdom”	The United Kingdom of Great Britain and Northern Ireland

DEFINITIONS

“US\$”	United States dollar, the lawful currency of the United States of America
“Vendor”	Capital Castle Global Limited, a company incorporated in the BVI with limited liability
“%”	per cent

For the purpose of this circular, amounts denominated in GBP have been translated into HK\$ at the rate of GBP1.00 to HK\$10.0359 for illustration purpose only. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

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
Ma, Tsz-chun

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Principal office in Hong Kong:

21st Floor, Chubb Tower
Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong

17 September 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL

INTRODUCTION

References are made to the Announcement in relation to the Disposal.

On 14 August 2024 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser (an Independent Third Party) entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Share representing the entire issued share capital of the Target Company with full title guarantee and free from any encumbrance and with all rights attached or accruing to them at or after the Completion Date. As part of the Disposal, the Purchaser has also agreed to repay the Bank Debt and the Intra Group Debt on behalf of the Target Company at Completion. The total consideration for the Disposal shall be the aggregate of the Share Consideration and the Debt Consideration. Assuming the Share Consideration is the same as the Provisional Share Consideration, the total consideration for the Disposal will be GBP125,390,712.58 (equivalent to approximately HK\$1,258.4 million).

LETTER FROM THE BOARD

The purpose of this circular is to provide you further details of the Disposal and the transactions contemplated thereunder and the property valuation report of the Target Property.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set forth below:

Date : 14 August 2024 (after trading hours)

Parties : (1) the Vendor, an indirect wholly-owned subsidiary of the Company; and

(2) the Purchaser, an Independent Third Party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the Sale and Purchase Agreement, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Sale Share representing the entire issued share capital of the Target Company, with full title guarantee and free from any encumbrance and with all rights attached or accruing to them at or after the Completion Date. As part of the Disposal, the Purchaser has also agreed to repay the Bank Debt and the Intra Group Debt on behalf of the Target Company at Completion.

Consideration and Payment Terms

The total consideration for the Disposal shall be the aggregate of the Share Consideration and the Debt Consideration.

The Share Consideration shall be the Final NAV and shall be paid as follows:

1. on Completion, the Purchaser to pay (a) the Completion Payment to the Vendor and (b) the Initial Escrow Funds to the Purchaser's solicitors to be held subject to the Escrow Undertaking; and
2. the Balancing Amount will be paid by the Purchaser or the Vendor (as the case may be) within 10 Business Days of the Balancing Amount having become final and binding pursuant to the terms of the Sale and Purchase Agreement.

The Debt Consideration equals to the aggregate amount of the Bank Debt and the Intra Group Debt, which the Purchaser has agreed to repay on behalf of the Target Company to its respective creditors at Completion.

LETTER FROM THE BOARD

The total consideration for the Disposal (including the Share Consideration and the Debt Consideration) were established after arm's length negotiations between the Parties, based on normal commercial terms. It reflects an agreed value of the Target Property of GBP126.2 million (equivalent to approximately HK\$1,266.5 million) between the Parties. This agreed value was determined with reference to the appraised value of the Target Property in its existing state at GBP125.0 million (equivalent to approximately HK\$1,254.5 million) as of 5 August 2024. The appraisal was conducted by an independent professional valuer engaged by the Group. Details of such property valuation and the text of the valuation certificate prepared by the independent professional valuer are set out in Appendix II to this circular. As the Target Property has been measured at fair value in the consolidated financial statements of the Group, the Target Property was measured at its fair value on the Completion Date, which is equal to GBP125.0 million (equivalent to approximately HK\$1,254.5 million). The premium, being the difference between the agreed value and the book value of the Target Property, amount to GBP1.2 million (equivalent to approximately HK\$12.0 million).

To ensure commercial certainty, the Parties agreed that the Share Consideration shall not in any event exceed the Share Cap. The Share Cap, which was determined on the basis of the Estimated NAV together with a reasonable buffer, would be a fairly close estimation to the Share Consideration, being the Final NAV. This Share Cap together with the Debt Consideration, in a total amount of GBP127,207,429.58 (equivalent to approximately HK\$1,276.6 million), represent the maximum aggregate amount of consideration payable for the Disposal and can serve as a reasonable reference to the size of the Disposal.

The Directors consider that the basis of total consideration for the Disposal (including the Share Consideration, the Share Cap and the Debt Consideration) is fair and reasonable, and it is the appropriate time for the Group to dispose the Target Company and realise its return from the investment.

Payment of Balancing Amount

The Vendor shall prepare and deliver to the Purchaser a draft Completion Statement for review within 40 Business Days after the Completion Date. The draft Completion Statement will be agreed (or deemed to be agreed) as final and binding on both the Purchaser and the Vendor if the Purchaser confirms acceptance (or if the Purchaser does not give any notice to the otherwise) prior to expiry of the date falling 40 Business Days after delivery of the same to the Purchaser. In the event that the Purchaser does not accept the draft Completion Statement and if no agreement could be reached as to the adjustments (if any) to be made thereto within 10 days after the notice of non-acceptance by the Purchaser, an independent expert should be engaged to make the determination.

Within 10 Business Days after the Completion Statement is agreed (or deemed to be agreed) or finally determined:

- (1) if the Final NAV is greater than the Estimated NAV, the Purchaser shall pay to the Vendor in cash an amount equal to the Balancing Amount; and
- (2) if the Final NAV is less than the Estimated NAV, the Vendor shall pay to the Purchaser in cash an amount equal to the Balancing Amount.

LETTER FROM THE BOARD

Completion

Completion has taken place immediately after signing of the Sale and Purchase Agreement.

At Completion, the Purchaser has paid the Provisional Share Consideration and the Debt Consideration to the respective parties as stated in the paragraph headed “Consideration and Payment Terms” above. The Balancing Amount will be settled after Completion pursuant to the terms of the Sale and Purchase Agreement as stated in the paragraph headed “Payment of Balancing Amount” above.

Separately, the Vendor has covenanted with the Purchaser to pay the Liabilities. As security for payment of the Liabilities, the Initial Escrow Funds have been deducted from the Provisional Share Consideration and paid to the Purchaser’s solicitors at Completion, subject to the Escrow Undertaking. Following the appointment of the Escrow Agent, the Initial Escrow Funds shall be held by the Escrow Agent pending final determination of the matter within three years from the Completion Date (whereupon any remaining balance (after settlement of the Liabilities) shall be refunded to the Vendor). If the matter remains unresolved within the said three years, full balance remaining in the Escrow Account shall be released to the Purchaser automatically. The Purchaser has agreed to hold the released funds pending final determination of the matter for an additional year, failing such final determination the released funds will be retained by the Purchaser and the Purchaser shall not be obliged to return the released funds to the Vendor thereafter.

INFORMATION OF THE TARGET COMPANY AND THE TARGET PROPERTY

Information of the Target Company

The Target Company is a company incorporated in the BVI with limited liability. Immediately before Completion, the Target Company was an indirect wholly-owned subsidiary of the Company principally engaged in property investment with its material asset being the Target Property.

The table below sets forth a summary of the audited results of the Target Company (prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board) for the two years ended 31 December 2022 and 31 December 2023.

	For the financial year ended 31 December 2022		For the financial year ended 31 December 2023	
	<i>Approximately GBP million</i>	<i>Equivalent to approximately HK\$ million</i>	<i>Approximately GBP million</i>	<i>Equivalent to approximately HK\$ million</i>
Revenue	3.7	37.4	4.0	39.8
Profit before taxation	3.1	31.0	4.0	40.6
Profit after taxation	2.4	24.6	3.2	31.7

As at 30 June 2024, the unaudited net asset value of the Target Company was approximately GBP5.4 million (equivalent to approximately HK\$54.4 million).

LETTER FROM THE BOARD

Information of the Target Property

As at the date of the Sale and Purchase Agreement, the Target Property, comprised mainly an office building with a total net internal area of 50,845 square feet, is located at 14 St George Street, London, United Kingdom for leasing by the Target Company to tenants for commercial use with its office accommodation arranged over lower ground, ground and four upper floors.

The following table sets forth the reconciliation of valuation of the Target Property as at 31 December 2023, 30 June 2024 and 5 August 2024:

	<i>GBP million</i>
Book value as at 31 December 2023	122.7
Fair value gain	<u>2.3</u>
Book value as at 30 June 2024 and fair value as at 5 August 2024	<u><u>125.0</u></u>

INFORMATION OF THE GROUP AND THE PARTIES

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

The Vendor is a company incorporated in the BVI with limited liability and its principal activity is investment holding.

The Purchaser is a company incorporated in Jersey with limited liability and is principally engaged in the business of property investment. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the Sale and Purchase Agreement, (i) the Purchaser and its ultimate beneficial owner(s) were Independent Third Parties; (ii) the Purchaser's shareholder was Oval Gymkhana LLP, a limited liability partnership incorporated in England and Wales; and (iii) there was no natural person who ultimately beneficially owns more than 30% of Oval Gymkhana LLP.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Target Company has ceased to be a subsidiary of the Company and the financial results, assets and liabilities of the Target Company will no longer be included in the consolidated financial statements of the Group.

LETTER FROM THE BOARD

The Group expects to record an expense of approximately HK\$4.3 million from the Disposal in total comprehensive income, representing (I) a net loss of approximately HK\$102.5 million recognised in profit or loss, which is calculated based on (i) the Provisional Share Consideration of approximately HK\$60.8 million; less (ii)(a) the estimated unaudited NAV as at the Completion Date of approximately HK\$55.1 million; (b) the estimated transaction costs (including third party professional costs) of the Disposal of approximately HK\$10.0 million; and (c) release of estimated translation reserve of the Target Company as at the Completion Date of approximately HK\$98.2 million; and (II) an income of approximately HK\$98.2 million in other comprehensive income relating to the reclassification adjustment related to foreign operation disposed of by the Group.

As the Target Company ceased to be a subsidiary of the Company following Completion, its financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group. Rental income of the Target Property will not be recorded in the consolidated financial statements of the Group following Completion, and this will lead to a drop of rental income of the Group, while the level of borrowings of the Group will be reduced resulting in a lower finance costs to be incurred by the Group and a lower gearing level of the Group.

It is expected that the Completion will result in a net decrease in total assets and total liabilities of the Group by approximately HK\$242.4 million and approximately HK\$238.1 million (including the amount of the Bank Debt of approximately HK\$230.0 million, receipts in advance of approximately HK\$5.1 million, creditors and accruals of approximately HK\$2.5 million and tax liabilities of approximately HK\$0.5 million), respectively, representing (i) a decrease in the total assets and total liabilities of the Group by approximately HK\$1,260.8 million and approximately HK\$238.1 million, respectively upon deconsolidation of the Target Company; and (ii) on the assumption that the Share Consideration is the same as the Provisional Share Consideration, the total assets of the Group will be increased by approximately HK\$1,018.4 million representing the net sale proceeds from the Disposal. As mentioned above, it is estimated that the Group will record a net loss of approximately HK\$102.5 million and an other comprehensive income of approximately HK\$98.2 million from the Disposal, and the consolidated net asset value of the Group will be decreased by approximately HK\$4.3 million accordingly.

The abovementioned financial effects are shown for illustrative purpose only and the actual gain or loss eventually to be recognised by the Group is subject to review by the auditors of the Company upon finalisation of the consolidated financial statements of the Group.

INTENDED USE OF PROCEEDS

The Company intends to apply the net sale proceeds of the Disposal of approximately HK\$1,018.4 million towards the general working capital requirements of the Group, subject to any future investment opportunities that may arise, it is expected that 50% of the net sale proceeds will be applied to the general working capital requirements of the Group in coming 12 months and the remaining will be kept as cash reserve of the Group.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

As the Group is principally engaged in, among others, property investment and development, the Disposal is in line with the ordinary and usual course of business of the Group and its strategy to make good use of and manage its resources to better develop its property portfolio. The Disposal allows the Group to re-allocate the proceeds for other investment opportunities when they arise and adjust, if needed, the overall strategy on its investment portfolio when the market conditions warrant.

In light of the foregoing, the Directors consider that the terms of the Sale and Purchase Agreement, which are determined after arm's length negotiations between the Parties, are on normal commercial terms and are fair and reasonable, and the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS AND WRITTEN SHAREHOLDERS' APPROVAL

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 25% but are less than 75%, the Disposal therefore constitutes a major transaction of 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 Disposal and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Disposal.

On the date of signing of the Sale and Purchase Agreement, the Company has obtained a written approval for the Disposal from each of the Relevant Shareholders, namely Solar Bright Ltd., Joseph Lau Luen Hung Investments Limited and Century Frontier Limited (each beneficially interested in 723,290,948 Shares, 230,984,820 Shares and 476,425,000 Shares respectively and is 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 the written shareholders' approval, carrying rights to vote at a general meeting of the Company. As the above written shareholders' approval can be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules, no general meeting will be held by the Company to approve the Disposal.

RECOMMENDATION

The Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group. If the Company were to convene a general meeting for the approval of the Disposal, the Board would have recommended the Shareholders to vote in favour of the resolution to approve the Disposal at such general meeting.

LETTER FROM THE BOARD

The above statement is for the Shareholders' reference only given that the Company had already obtained the written approval from the Relevant Shareholders for the Disposal and hence, pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened for the purpose of approving the Disposal.

FURTHER INFORMATION

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

Yours faithfully,
By order of the Board
Mak, Kai-ye
Company Secretary

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 are disclosed in the following documents which 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 2021 published on 26 April 2022 (pages 119-281);
- (b) annual report of the Company for the year ended 31 December 2022 published on 26 April 2023 (pages 109-265);
- (c) annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (pages 115-272); and
- (d) interim results announcement of the Company for the six months ended 30 June 2024 published on 14 August 2024 (pages 1-16).

2. INDEBTEDNESS

Borrowings

As at the close of business on 31 July 2024, 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 July 2024 <i>HK\$'000</i>
Bank loans (secured and guaranteed)	3,995,141
Amounts due to associates (unsecured and guaranteed)	13,308
Amounts due to investee companies (unsecured and unguaranteed)	13,885
Amounts due to non-controlling shareholders (unsecured and unguaranteed)	<u>275</u>
	<u><u>4,022,609</u></u>

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 July 2024, the Group had lease liabilities of approximately HK\$57 million which were secured by rental deposits and unguaranteed.

Guarantees

As at 31 July 2024, the Group provided financial guarantees and indemnity, details are shown as follows:

	31 July 2024 <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
Guarantees given to banks in respect of banking facilities utilised by investee companies/indemnity given to a third party in relation to an investee company	<u>827,830</u>
	<u><u>842,830</u></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 July 2024, 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

The Directors confirm that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up to, up to and including the Latest Practicable Date, save as disclosed in the profit warning announcement and interim results announcement of the Company published on 6 August 2024 and 14 August 2024, respectively, the Group recorded a decline in revenue and turnaround from profit to loss for the six months ended 30 June 2024 as compared with those for the six months ended 30 June 2023. It was primarily due to decrease in gain on sales of investments held-for-trading on a net basis and turnaround of fair value changes of investment properties from gain to loss.

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 Disposal, 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. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

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.

At the mid-way point of 2024, the global economy is continuing growing at a modest pace while economic normalisation is still underway. However, downside risks like persistently high interest rates, continuing geopolitical tensions and increasing climate change risks still predominate the economy.

On the domestic front, the hosting of various mega events with the support of the Government has raised public awareness and boosted inbound tourist arrivals and consumption activities, which have led to expansions in the first quarter of 2024. It is anticipated that the Government's proactive approach to support these kinds of mega events would continue to attract more tourists from around the world and drive the retail and food and beverage sectors, which would benefit our Group's retail investment properties.

Regarding the local residential property market, home prices are expected to remain suppressed due to increasing supply and aggressive discounts at new launch sales by property developers. However, as the United States is expected to enter into the interest rate cut phases later this year, thereby improving purchasing power and prices expectations, the residential market sentiment is expected to resume gradually.

After 14 years in power, the United Kingdom Government recently changed leadership to the Labour Party. The new government is expected to introduce new measures to improve the economic and financial situations of the United Kingdom. It is hopeful that with the change of new administration, business and trade activities, as well as income levels of citizens will be gradually improved. Our property redevelopment project on hand located at Fleet Street, London (being the redevelopment of an office building known as River Court into a high rise Grade A office led, mixed use building with office space and retail space and to be renamed as Evergo Tower, further details of which is disclosed in the interim results announcement of the Company for the six months ended 30 June 2024 published on 14 August 2024), will be positioned to take advantages of the economic uplift, and the Group will continue to monitor and refine its asset portfolio at opportune times.

Looking forward, geopolitical tensions and climate change risks are likely to continue around the globe in the short to medium terms. However, with the United States interest rates expected to take the lead to global interest rates edging down, it is hopeful that business and investment activities would receive significant stimulations. The overall effects on property markets could be fluctuating with differential patterns among different property sectors and segments. The Group will continue to exercise caution on business planning and operations in order to safeguard and enhance stakeholders' values. Alongside, the Group will also continue incorporating corporate social responsibilities into our business operations in order to achieve long-term business values.

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.

The following is the text of a letter and valuation report, prepared for the purpose of incorporation in this circular received from Moore Transaction Services Limited, an independent professional valuer, in connection with its opinion of market value of the Target Property held by the Target Company as at 5 August 2024.



Moore Transaction Services Limited

812 Silvercord, Tower 1
30 Canton Road
Tsimshatsui Kowloon
Hong Kong

17 September 2024

The Board of Directors
Chinese Estates Holdings Limited
21st Floor, Chubb Tower
Windsor House
311 Gloucester Road
Causeway Bay, Hong Kong

Dear Sirs,

Re: Market value of a property located at 14 St George Street, London, W1S 1FE, United Kingdom (the “Target Property”)

INSTRUCTIONS

We refer to the instruction from Chinese Estates Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) to value the Target Property held by State Smart Limited (the “**Target Company**”, an indirect wholly-owned subsidiary of the Company). We confirm that we have carried out inspection of the Target Property, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of the market value of the Target Property as at 5 August 2024 (the “**Valuation Date**”) for public disclosure purposes.

BASIS OF VALUATION

Our valuation is our opinion of market value of the Target Property which is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer.

APPENDIX II PROPERTY VALUATION REPORT ON THE TARGET PROPERTY

This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement(s), special consideration or concession granted by anyone associated with the sale, or any element of special value(s). The market value of a property is also estimated without regard to cost(s) of sale and purchase, and without offset for any associated tax(es).

Market value is also understood as the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

VALUATION STANDARDS

Our valuation has been prepared in accordance with "The RICS Valuation, Global Standards" (the "**Red Book**", effective from 31 January 2022) published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards ("**IVS**") published by the International Valuation Standards Council (effective from 31 January 2022). In valuing the Target Property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKEx**").

VALUATION METHODOLOGY

In valuing the Target Property held by the Target Company located in the United Kingdom, we have adopted the Comparison Approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have been made to account for the differences between the Target Property and the comparables in terms of location, accessibility, size and other relevant factors. Where appropriate, we have also adopted Income Approach by taking into account the current passing rents of the constituent units of the Target Property being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenants.

TITLE INVESTIGATION

We have caused land searches to be made at the Land Registry of the United Kingdom and have been provided with a tenancy schedule and an area measurement report. We have been advised by the Group that no further relevant documents have been produced. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents have been used for reference only.

SOURCES OF INFORMATION

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as tenure, particulars of occupancy, net internal areas, interest attributable to the Group and all relevant materials regarding the Target Property.

We have relied on these areas and have not checked them on site. We have assumed that the areas supplied to us have been measured in accordance with the RICS Code of Measuring Practice.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Target Property is sold in the market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the value of the Target Property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the Target Property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

Inspection of the Target Property was conducted by Mr. Kenneth Ma Chi Kin, a director of our firm, in August 2024. We have inspected the exterior and wherever possible, the interior of the Target Property. However, we have not inspected those parts of the Target Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition.

However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Target Property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, floor areas, identification of the Target Property and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the floor area in respect of the Target Property but have assumed that the floor area shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Target Property or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the Target Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

CURRENCY

Unless otherwise stated, all money amounts stated herein are in British Pounds (“£”) and no allowances have been made for any exchange transfers.

CONFIRMATION OF INDEPENDENCE

We have previously involved in the valuation of the Target Property for financial reporting purpose and Mr. Kenneth Ma Chi Kin has been the signatory to the valuation since 2023.

We hereby certify that we neither have any present nor any prospective interest in the Group or the appraised Target Property or the value reported. We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

Our summary of value and the valuation certificate are attached herewith.

Yours faithfully,
For and on behalf of
Moore Transaction Services Limited
Kenneth Ma
MRICS, Registered RICS Valuer
Director

Mr. Kenneth Ma is a member of Royal Institution of Chartered Surveyors who has over 5 years’ experience in valuations of properties in Hong Kong, the People’s Republic of China and the United Kingdom.

SUMMARY OF VALUE

Target Property held by the Target Company located in the United Kingdom

	Market value in existing state as at 5 August 2024
Target Property	£
14 St George Street, London, W1S 1FE, United Kingdom	125,000,000
Total:	<u>125,000,000</u>

VALUATION CERTIFICATE

Target Property held by the Target Company located in the United Kingdom

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 5 August 2024
14 St George Street, London, W1S 1FE, United Kingdom	<p>The Target Property comprises a 6- storey Grade A office accommodation which can be accessed via the discrete entrance reception from St George Street, erecting on a site of approximately 0.122 hectares.</p> <p>The Target Property is situated at a prime location on the western side of St George Street at its junction with Maddox Street, which is considered as a core location within Mayfair. It lies within the Core Central Activities Zone which is a location for mixed uses development including residential, commercial and cultural uses.</p> <p>The Target Property was redeveloped in 2009. The Target Property is Grade II listed (which is defined as a building that is of special interest, warranting every effort to preserve it) and is located within the Mayfair Conservation Area. According to the information made available to us, the Target Property currently has a total net internal area of 50,845 square feet (“sq.ft.”) (4,723.6 square meters (“sq.m.”). As advised, the net internal area is measured according to the RICS Code of Measuring Practice (6th Edition).</p>	<p>As at the Valuation Date, except 2nd Floor were vacant, the Target Property was subject to various tenancies.</p> <p>The remaining floors were subject to various leases for a term of 7 to 10 years starting from 15 May 2020 at a total annual rental of £4,080,100. The leases will all be expired on 14 May 2030.</p> <p>The date of rent review at all tenancies is on 15 May 2025.</p> <p>Please refer to Note 4 for details.</p>	<p>£125,000,000</p> <p>(100% interest attributable to the Group)</p>

Floor area breakdowns are listed as follows:

Floor	Net Internal Area (sq.ft.)
Basement	
– Office	6,829
– Storage	47
Ground Floor	7,789
1st Floor	9,283
2nd Floor	9,334
3rd Floor	9,364
4th Floor	<u>8,199</u>
Total:	<u><u>50,845</u></u>

APPENDIX II PROPERTY VALUATION REPORT ON THE TARGET PROPERTY

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 5 August 2024
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The Target Property is registered under title number NGL960003 and registered with title possessory in respect of title numbers NGL952505 and NGL957943 which involves three freehold estates.

Notes:

1. The Target Property is held freehold under 3 title numbers NGL960003, NGL952505 and NGL957943. The registered owner of the Target Property is State Smart Limited (incorporated in the British Virgin Islands), an indirect wholly-owned subsidiary of the Company.
2. The Target Property is subject to a Registered Charge dated 22 July 2022 in favour of Deutsche Bank AG (incorporated in Germany) (UK Regn. No. FC007615) Singapore Branch of 17-10, One Raffles Quay, Singapore 048583, Singapore.
3. The Target Property is Grade II listed building which is defined as a building that is of special interest, warranting every effort to preserve it, and it is located within the Mayfair Conservation Area.
4. As advised by the Group, the Target Property is subject to the following tenancies:

No.	Existing Use	Premises	Commencement Date	Expiry Date	Rent Review Date	Rent per annum before profit tax
1	Office	Basement	3 February 2023	14 May 2030	15 May 2025	£430,000
2	Office	Ground Floor	15 May 2020	14 May 2030	15 May 2025	£686,900
3	Office	1st Floor	15 May 2020	14 May 2030	15 May 2025	£1,023,100
4	Office	3rd Floor	15 May 2020	14 May 2030	15 May 2025	£1,024,800
5	Office	4th Floor	15 May 2020	14 May 2030	15 May 2025	£915,300

5. Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. We have valued the Target Property primarily by using the Comparison Approach. In the course of our valuation of the Target Property, we have referred to sale transactions of office buildings, which are considered comparables to the Target Property. The criteria for comparable selection included property type (office buildings), location in Mayfair or St James's districts in West End of London, timing of transaction and other property characteristics such as size and building quality. The list of below comparables are exhaustive, fair and representative. The sales transactions are shown below:

Property	Tenure	Floor Area (sq.ft.)	Price	Date of Sale	Unit Rate (sq.ft.)
55 St James's St	Freehold	26,537	£63,400,000	21 December 2023	£2,389
24/24a Savile Row	Freehold	29,766	£90,000,000	31 July 2024	£3,024
14-15 Conduit Street	Freehold	13,369	£36,700,000	1 March 2024	£2,745
2-4 King Street	Freehold	13,442	£28,500,000	22 December 2023	£2,120

In arriving at the market value of the Target Property, we have made reference to sales transaction comparables in the vicinity. The market sales comparables are about £2,120 to £3,024 per sq.ft. The unit rate adopted by us is consistent with the said sales transaction references after due adjustments such as location, time, size and building quality.

APPENDIX II PROPERTY VALUATION REPORT ON THE TARGET PROPERTY

We are of the opinion that the derived market value of the Target Property based on the Comparison Approach at £125,000,000 or represented a unit rate of £2,458 per sq.ft. over total area of 50,845 sq.ft. is fair and reasonable and falls within the approximate value per sq.ft. of the market comparables.

6. When applying the Income Approach for cross-checking the market value of the Target Property derived by the Comparison Approach, we have considered the actual passing rents ranging from £62.5 to £111.6 per sq.ft./annum in the existing tenancy agreements of the Target Property and also those rental transactions with similar developments which are located in the similar areas as the Target Property, for the calculation of market rent in considering the reversionary rental income after the expiry of the existing leases for occupied area, and the rental income of vacant area.

We have made reference to annual rental transaction comparables in the vicinity. The market rental comparables are about £105 to £136 per sq.ft./annum.

Property	Floor	Use	Floor Area <i>(sq.ft.)</i>	Date of Transaction	Unit Rent <i>per annum</i> <i>(per sq.ft.)</i>
1 Bolton St	2	Office	2,389	15 April 2024	£128
21-23 Hill St	1	Office	2,522	15 April 2024	£105
81 Piccadilly St	1	Office	2,307	4 April 2024	£136
21-23 Hill St	2	Office	2,520	3 March 2024	£107
1 Bolton St	3	Office	2,429	24 April 2024	£125

In our valuation, adjusted market rents adopted by us ranged from £63.6 to £106 per sq.ft./annum to different floors of the Target Property, in which an average market rent of the Target Property is approximately of £98.6 per sq.ft./annum. The unit rate adopted by us is consistent with the said rental transaction references after due adjustments. Due adjustments to those rental transaction comparables have been made to reflect factors including but not limited to location, floor, size, layout, building quality in arriving at our opinion of value.

Based on our research on office markets in the surrounding area of the Target Property, the market yields ranged from 3.5% to 4.3% for office units. By using averaging approach, we have adopted market yield of 4.0% for the Target Property.

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 and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) 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 interest or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(i) The Company

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

(L) denotes long position

Note 1:

These 1,430,700,768 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 issued 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 Shares Held	Capacity	Percentage of Issued Share Capital
Ms. HW Chan	Sino Omen Holdings Limited	50,000 (L) (Note 2)	Interest of children under 18	100%
Ms. HW Chan	Solar Bright Ltd.	1 (L) (Note 2)	Interest in controlled corporation and interest of children under 18	100%

(L) denotes long position

Note 2:

Ms. HW Chan (as the trustee for her minor children Lau, Chung-hok, Lau, Sau-wah and Lau, Sau-ye) 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 nor the chief executive of the Company had or was deemed to have any interests or short positions 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) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, Ms. HW Chan was a director of each 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 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, no member of the Group was engaged in any litigation or claims of material importance pending or threatened against any member of 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 three 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. INTERESTS IN ASSETS OR CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors or the Property Valuer had any interest, direct or indirect, in any asset which have been, since 31 December 2023, being the date to which the latest audited financial statements of the Company for the year ended 31 December 2023 were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) Save for the agreements disclosed in (i), (ii), and (iii) below and those under the paragraph headed “5. Material 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 significant in relation to the business 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 three years for HK\$169,500 per month (excluding service charges and rates) 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 three years for HK\$2,350,000 per month (excluding service charges and rates) 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 two years four months and 19 days for HK\$1,090,000 per month (excluding service charges and rates) as disclosed in the announcement of the Company dated 13 March 2023.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which are contained in this circular:

Name	Qualification
Moore Transaction Services Limited	Independent property valuer

The letter, advice, report, valuation certificate and/or opinion, as the case may be, of the above expert is given as of the Latest Practicable Date for incorporation herein.

As at the Latest Practicable Date, the above expert did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and (ii) any direct or indirect interest in any assets which have since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), advice, report(s), valuation certificate(s) and/or opinion(s), as the case may be, and the references to its name included herein in the form and context in which such name appears.

9. 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.

10. 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 property valuation report in respect of the Target Property prepared by Moore Transaction Services Limited, the text of which is set out in Appendix II to this circular;
- (b) the material contracts referred to in the paragraph headed "5. Material Contracts" of this appendix;
- (c) the written consent referred to in paragraph headed "8. Expert and Consent" of this appendix; and
- (d) the Sale and Purchase Agreement.