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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

MAJOR AND CONNECTED TRANSACTIONS DISPOSAL OF SUBSIDIARIES

Financial adviser to the Company



**建泉融資有限公司
VBG Capital Limited**

The Board announces that on 23 December 2015, (i) CELIC as vendor, the Company as vendor guarantor, Magic Square as purchaser and Mr. Lau as purchaser guarantor entered into the Keep Speed Disposal Agreement relating to, among others, the sale and purchase of the entire issued share capital of Keep Speed and the Keep Speed Sale Loan; and (ii) Good Top as vendor, the Company as vendor guarantor, Best Range as purchaser and Mr. Lau as purchaser guarantor entered into the Jumbo Grace Disposal Agreement relating to, among others, the sale and purchase of the entire issued share capital of Jumbo Grace and the Jumbo Grace Sale Loan.

At completion of the Keep Speed Disposal Agreement, Magic Square shall pay to CELIC the Keep Speed Provisional Consideration. At completion of the Jumbo Grace Disposal Agreement, Best Range shall pay to Good Top the Jumbo Grace Provisional Consideration.

Completion of the Disposal Agreements is conditional upon the Independent Shareholders' Approval having been obtained.

As the Disposal Agreements were entered into within 12 months after the completion of the SP Agreements, and all such agreements were entered into by the Company with the same connected person and his associates, the Disposal Transactions and the SP Transactions will be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Disposal Transactions (when aggregated with the SP Transactions) exceed 25% but are less than 75%, the Disposal Transactions constitute

major transactions for the Company and the Disposal Transactions are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Mr. Lau, being a substantial Shareholder and a controlling Shareholder, who is interested in 1,430,700,768 Shares, representing approximately 74.99% of the total issued Shares as at the date of this announcement, is a director and the sole beneficial owner of each of Magic Square and Best Range, Mr. Lau, Magic Square and Best Range are connected persons of the Company. Accordingly, the Disposal Transactions also constitute connected transactions for the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement, circular and Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules.

A circular containing, among others, (i) details of the Disposal Agreements and the Disposal Transactions; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal Agreements and the Disposal Transactions; (iv) the valuation report on the Properties; and (v) the notice of SGM is expected to be despatched to the Shareholders on or before 15 January 2016.

Shareholders and potential investors of the Company should note that completion of each of the Disposal Agreements is subject to the satisfaction of the Condition Precedent, namely, the obtaining of the Independent Shareholders' Approval. Therefore, the Disposal Transactions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

INTRODUCTION: THE DISPOSAL AGREEMENTS

The Board announces that on 23 December 2015, (i) CELIC as vendor, the Company as vendor guarantor, Magic Square as purchaser and Mr. Lau as purchaser guarantor entered into the Keep Speed Disposal Agreement relating to, among others, the sale and purchase of the entire issued share capital of Keep Speed and the Keep Speed Sale Loan free from all Encumbrances (where the relevant bank consents have been obtained, save for the Encumbrances created by the Bank Loan Document(s)); and (ii) Good Top as vendor, the Company as vendor guarantor, Best Range as purchaser and Mr. Lau as purchaser guarantor entered into the Jumbo Grace Disposal Agreement relating to, among others, the sale and purchase of the entire issued share capital of Jumbo Grace and the Jumbo Grace Sale Loan free from all Encumbrances (where the relevant bank consents have been obtained, save for the Encumbrances created by the Bank Loan Document(s)).

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

(1) THE KEEP SPEED DISPOSAL AGREEMENT

Date

23 December 2015

Parties

- (a) CELIC, as vendor;
- (b) the Company, as vendor guarantor;
- (c) Magic Square, as purchaser; and
- (d) Mr. Lau, as purchaser guarantor.

In consideration of Magic Square and Mr. Lau entering into the Keep Speed Disposal Agreement, the Company has agreed to guarantee the performance by CELIC of its obligations under the Keep Speed Disposal Agreement. In consideration of CELIC and the Company entering into the Keep Speed Disposal Agreement, Mr. Lau has agreed to guarantee the performance by Magic Square of its obligations under the Keep Speed Disposal Agreement.

Assets to be disposed of

The Keep Speed Sale Share and the Keep Speed Sale Loan. As at 30 September 2015, the Keep Speed Sale Loan amounted to approximately HK\$18.6 million. In consideration for the sale or procurement of the sale of the Keep Speed Sale Share and the assignment or procurement of the assignment of the Keep Speed Sale Loan by CELIC to Magic Square or its nominee(s), Magic Square further agreed to assume or procure (through its nominee(s)) to assume the obligation of repayment of the Keep Speed Assumed Debt (if any) upon completion of the Keep Speed Disposal Agreement. As at 30 September 2015, the Keep Speed Assumed Debt amounted to approximately HK\$4,805.6 million.

The Keep Speed Sale Share to be acquired by Magic Square shall be free from all Encumbrances (where the relevant bank consents have been obtained, save for the Encumbrances created by the Bank Loan Document(s)) at completion of the Keep Speed Disposal Agreement and with all dividends, benefits and other rights becoming attached or accruing thereto as from the Keep Speed Completion Date.

The Keep Speed Consideration

The Keep Speed Consideration shall be equal to the aggregate of (but subject to a cap amount of HK\$10 million):–

- (a) the net asset value or liability of Keep Speed as shown in the Keep Speed Completion Accounts; and
- (b) the aggregate face amount of the Keep Speed Sale Loan, less the aggregate face amount of the Keep Speed Assumed Debt.

At completion of the Keep Speed Disposal Agreement, Magic Square shall pay to CELIC the Keep Speed Provisional Consideration. The difference between the Keep Speed Consideration and the Keep Speed Provisional Consideration will be settled in cash or cheque within 7 Business Days after the Keep Speed Completion Accounts have been delivered to Magic Square.

Provided that where the amount of the Keep Speed Consideration as ascertained above is a negative figure or less than HK\$2.00, the Keep Speed Consideration shall be deemed to be HK\$2.00 for the purposes of the Keep Speed Disposal Agreement. If the Keep Speed Consideration is a negative figure, CELIC shall, within 7 Business Days after the determination of the Keep Speed Consideration, pay to Magic Square a sum equal to the amount of such negative figure (as if it were a positive figure for this purpose and subject to such amount not exceeding HK\$5 billion) (the “**Negative Consideration**”) as consideration for Magic Square in substance acquiring a negative equity of Keep Speed, or in lieu of such direct payment of the Negative Consideration to Magic Square, the parties agreed that the payment obligations of CELIC for the Negative Consideration will be deemed fully satisfied and discharged if the Negative Consideration is set-off against and deducted from the Jumbo Grace Consideration payable by Best Range as purchaser under the terms of the Jumbo Grace Disposal Agreement.

Undertakings and Indemnity

Prior to completion of the Keep Speed Disposal Agreement, each of Magic Square and Mr. Lau agrees to give and/or procure the provision of such guarantee, indemnity or security as may be reasonably required by the relevant banks or lenders or beneficiaries of the CE Guarantee following or upon completion of the Disposal Agreements to replace the CE Guarantee.

(2) THE JUMBO GRACE DISPOSAL AGREEMENT

Date

23 December 2015

Parties

- (a) Good Top, as vendor;
- (b) the Company, as vendor guarantor;
- (c) Best Range, as purchaser; and
- (d) Mr. Lau, as purchaser guarantor.

In consideration of Best Range and Mr. Lau entering into the Jumbo Grace Disposal Agreement, the Company has agreed to guarantee the performance by Good Top of its obligations under the Jumbo Grace Disposal Agreement. In consideration of Good Top and the Company entering into the Jumbo Grace Disposal Agreement, Mr. Lau has agreed to guarantee the performance by Best Range of its obligations under the Jumbo Grace Disposal Agreement.

Assets to be disposed of

The Jumbo Grace Sale Share and the Jumbo Grace Sale Loan. As at 30 September 2015, the Jumbo Grace Sale Loan amounted to approximately HK\$2,847.9 million. In consideration for the sale or procurement of the sale of the Jumbo Grace Sale Share and the assignment or procurement of the assignment of the Jumbo Grace Sale Loan by Good Top to Best Range or its nominee(s), Best Range further agreed to assume or procure (through its nominee(s)) to assume the obligation of repayment of the Jumbo Grace Assumed Debt (if any) upon completion of the Jumbo Grace Disposal Agreement. As at 30 September 2015, the Jumbo Grace Assumed Debt amounted to approximately HK\$280.9 million.

The Jumbo Grace Sale Share to be acquired by Best Range shall be free from all Encumbrances (where the relevant bank consents have been obtained, save for the Encumbrances created by the Bank Loan Document(s)) at completion of the Jumbo Grace Disposal Agreement and with all dividends, benefits and other rights becoming attached or accruing thereto as from the Jumbo Grace Completion Date.

The Jumbo Grace Consideration

The Jumbo Grace Consideration shall be equal to the aggregate of (but subject to a cap amount of HK\$12 billion):—

- (a) the consolidated net asset value or liability of the Jumbo Grace Group (for the purpose of ascertaining such net asset value or liability, Best Range acknowledged and accepted that the Properties shall have a value of HK\$10.8 billion (being the market value of the Properties as at 30 November 2015 valued by an independent property valuer) and the Club Membership (if any) shall have a value of HK\$12.8 million (being the latest market value of the Club Membership) in the Jumbo Grace Completion Accounts); and

- (b) the aggregate face amount of the Jumbo Grace Sale Loan, less the aggregate face amount of the Jumbo Grace Assumed Debt.

At completion of the Jumbo Grace Disposal Agreement, Best Range shall pay to Good Top the Jumbo Grace Provisional Consideration. The difference between the Jumbo Grace Consideration and the Jumbo Grace Provisional Consideration will be settled in cash or cheque within 7 Business Days after the Jumbo Grace Completion Accounts have been delivered to Best Range.

The Deposits

Pursuant to the Jumbo Grace Disposal Agreement, Best Range shall pay to Good Top the Deposits, which will be applied towards settlement of the Jumbo Grace Provisional Consideration at completion of the Jumbo Grace Disposal Agreement.

If the Condition Precedent shall not have been satisfied on or before the Jumbo Grace Long Stop Date, or completion of the Jumbo Grace Disposal Agreement does not proceed and such non-completion does not arise as a result of the default of Best Range or Mr. Lau under the Jumbo Grace Disposal Agreement, Good Top shall return the Deposits (if any) without interest to Best Range within 7 Business Days after receiving a written demand from Best Range for the return.

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

Best Range may elect to settle the Jumbo Grace Provisional Consideration (or any part thereof) by procuring certain Shareholders to apply their Dividend Entitlements, subject to completion of the Jumbo Grace Disposal Agreement, towards the payment of the Jumbo Grace Provisional

Consideration and the Company will be authorised and instructed to pay such Dividend Entitlements to Good Top, in lieu of such Shareholders, to settle the Jumbo Grace Provisional Consideration to the extent of the aggregate amount of such Dividend Entitlements.

Transfer of the Two Deferred CE Windsor Shares

Subject to completion of the Jumbo Grace Disposal Agreement and the obtaining of all necessary consents from the relevant banks, lenders, finance parties or beneficiaries under the Bank Loan Documents or the release of the Share Mortgage, Best Range shall have the right to request Good Top or the Company to transfer or procure Chinese Estates, Limited to transfer to Best Range or its nominee(s) the Two Deferred CE Windsor Shares free from Encumbrances (where the relevant bank consents have been obtained, save for the Encumbrances created by the Bank Loan Document(s)) at nominal consideration of HK\$2.00 at any time after completion of the Jumbo Grace Disposal Agreement upon written demand by Best Range. Good Top or the Company shall procure that such transfer of the Two Deferred CE Windsor Shares shall be completed within 7 Business Days after Good Top's receipt of the written demand by Best Range.

The Club Membership

After the Condition Precedent for the Jumbo Grace Disposal Agreement has been fulfilled, Good Top shall, if so requested by Best Range, procure Chinese Estates (Windsor House) to dispose of the Club Membership subject to the obtaining of the relevant bank consents or the release of the relevant security under the Bank Loan Documents (if applicable), and such disposal shall be completed before completion of the Jumbo Grace Disposal Agreement (unless otherwise agreed by Best Range).

Undertakings and Indemnity

Prior to completion of the Jumbo Grace Disposal Agreement, each of Best Range and Mr. Lau agrees to give and/or procure the provision of such guarantee, indemnity or security as may be reasonably required by the relevant banks or lenders or beneficiaries of the CE Guarantee following or upon completion of the Disposal Agreements to replace the CE Guarantee.

FINANCING UNDER THE DISPOSAL AGREEMENTS

Each of the vendors under the Disposal Agreements has agreed that, if Magic Square or Best Range (as the case may be) needs to raise loans or other borrowings from banks or third parties for its payment of the relevant Provisional Consideration or the relevant Consideration or any part thereof, on the basis of Keep Speed or the Jumbo Grace Group (as the case may be) providing guarantees or securities to such banks or third parties, and if so requested by Magic Square or Best Range (as the case may be) and subject to compliance with all applicable laws and regulations, the vendor under the relevant Disposal Agreement will procure Keep Speed or the Jumbo Grace Group (as the case may be) to give reasonable assistance to Magic Square or Best Range (as the case may be) prior to or at

completion of the relevant Disposal Agreement to facilitate the provision of such securities by Keep Speed or the Jumbo Grace Group (as the case may be) and the obtaining of such financing by Magic Square or Best Range (as the case may be) upon completion of the relevant Disposal Agreement.

Given the above guarantee(s) or security(ies) if provided by Keep Speed or the Jumbo Grace Group (as the case may be) will only be provided if completion of the Disposal Agreements occur, and that upon completion thereof, Keep Speed and the Jumbo Grace Group will cease to be subsidiaries of the Company but become wholly-owned subsidiaries of Magic Square and Best Range respectively, such financial assistance will therefore be provided by the subsidiary(ies) of Magic Square or Best Range (as the case may be). Hence, the assistance if provided by the vendor under the relevant Disposal Agreement will be administrative assistance in facilitating Magic Square or Best Range (as the case may be) to obtain financing to complete the relevant Disposal Agreement. Such administrative assistance is not unusual in sale and purchase transactions of this kind.

THE CONDITION PRECEDENT OF THE DISPOSAL AGREEMENTS

Completion of each of the Disposal Agreements is conditional upon the obtaining of the Independent Shareholders' Approval.

If the Condition Precedent shall not have been fulfilled on or before the Keep Speed Long Stop Date or the Jumbo Grace Long Stop Date (as the case may be), the Disposal Agreements shall thereupon terminate whereupon none of the parties thereto shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the relevant Disposal Agreement(s)).

COMPLETION OF THE DISPOSAL AGREEMENTS

Subject to the Condition Precedent having been satisfied, completion of the Keep Speed Disposal Agreement and the Jumbo Grace Disposal Agreement shall take place on the Keep Speed Completion Date and the Jumbo Grace Completion Date simultaneously, upon and subject to its relevant terms. The parties to the Disposal Agreements undertake with each other parties thereto to use their respective reasonable endeavours and in good faith to proceed with completion of the relevant Disposal Agreement as soon as practicable after the fulfilment of the Condition Precedent.

EFFECT OF THE DISPOSAL TRANSACTIONS

After completion of the Disposal Agreements, the Target Companies will cease to be subsidiaries of the Company, and their financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group.

Principal assets of the Jumbo Grace Group are the Properties which are recorded as investment properties in the consolidated financial statements of the Group. Pursuant to the accounting policies of the Group, the Properties (being investment properties) are measured at fair values in the consolidated financial statements of the Group. Gains and losses arising from changes in the fair

values of the Properties are included in profit or loss for the period in which they arise. Accordingly, the Properties will be measured at their fair values on the Jumbo Grace Completion Date. Any changes in the fair value of the Properties on the Jumbo Grace Completion Date to that stated in the consolidated financial statements of the Group will be included in profit or loss as fair value gains or losses. On the other hand, pursuant to the accounting policies of the Group, the carrying amount of the Club Membership is stated at cost less accumulated impairment losses in the consolidated financial statements of the Group.

It is expected that the fair value gains or losses as a result of the fair value changes of the Properties will be entirely eroded by the gain or loss on the Jumbo Grace Disposal Transaction (being the difference between the market value of the Properties as at 30 November 2015 for the purpose of ascertaining the net asset value to determine the Jumbo Grace Consideration and the value of the Properties recorded in the consolidated financial statements of the Group on the Jumbo Grace Completion Date). However, as it is agreed under the Jumbo Grace Disposal Agreement that the Club Membership shall have a market value of HK\$12.8 million in the Jumbo Grace Completion Accounts, the Group is expected to record a gain of HK\$7.9 million (being the difference between the latest market value of the Club Membership and its carrying amount as at 30 September 2015) upon completion of the Jumbo Grace Disposal Transaction. In addition, transaction costs of the Disposal Transactions of approximately HK\$5 million will be recorded, as a result, the estimated net gain on disposal would be approximately HK\$2.9 million.

On this basis together with assuming the aggregate (a) the relevant net asset value of the Target Companies on the relevant Completion Date (after adjusting the carrying amounts of the Properties to their market values as at 30 November 2015 and the carrying amount of the Club Membership to its latest market value); and (b) the relevant Sale Loan less the relevant Assumed Debt on the relevant Completion Date not exceeding the cap of the relevant Consideration or the Negative Consideration (if any) not exceeding HK\$5 billion (as the case may be), it is estimated that the Group will record net gain of approximately HK\$2.9 million on the Disposal Transactions. Moreover, this estimation is made based on the aggregate of the relevant estimated Consideration determined based on the relevant net asset value of the Target Companies as at 30 September 2015 (after taking into account the market values of the Properties as at 30 November 2015 and the latest market value of the Club Membership) and the relevant Sale Loan less the relevant Assumed Debt as at 30 September 2015, less the aggregate (i) the relevant net asset value of the Target Companies as at 30 September 2015 after adjusting the carrying amounts of the Properties to their market values as at 30 November 2015; and (ii) the relevant Sale Loan less the relevant Assumed Debt as at 30 September 2015. The actual net gain or loss on completion of the Disposal Agreements might be different given that the above estimate is based on (i) the relevant net asset value of the Target Companies (taking into account the market values of the Properties as at 30 November 2015), and (ii) the relevant Sale Loan and the relevant Assumed Debt as at 30 September 2015, which might be different from those on the relevant Completion Date.

Following completion of the Disposal Agreements, the Target Companies will cease to be subsidiaries of the Company and their financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group. Keep Speed had outstanding Bank Loan of

approximately HK\$4,800 million as at 30 September 2015. Such Bank Loan may or may not be fully repaid prior to completion of the Disposal Agreements. In any event, the level of borrowings of the Group shall be reduced after completion of the Keep Speed Disposal Agreement, and this will result in lower finance costs to be incurred by the Group after completion of the Keep Speed Disposal Agreement. Moreover, rental income of Chinese Estates (Windsor House) will not be recorded in the consolidated financial statements of the Group following completion of the Jumbo Grace Disposal Agreement, and this will lead to a drop of rental income of the Group. As explained above, it is estimated that the Group will record net gain of approximately HK\$2.9 million on the Disposal Transactions. Accordingly, it is expected that the disposal of the Target Companies itself will have no material effects on the net asset value of the Group.

Upon completion of the Disposal Agreements, the Group will continue its existing business activities other than those related to the Properties. The Disposal Transactions represent only approximately 8.6%, 10.0% and 16.9% of the total assets as at 30 June 2015 (the “**Total Assets**”), net profits for the year ended 31 December 2014 (the “**Net Profits**”) and total revenue for the year ended 31 December 2014 (the “**Total Revenue**”) of the Group respectively. After deducting the Disposal Transactions (as aggregated with previous disposal transactions completed in year 2015 and to be completed), the remaining Total Assets, Net Profits and Total Revenue of the Group will amount to approximately HK\$44.5 billion (without taking into account the possible payment of the Windsor Special Dividend as the exact amount of which is undetermined as at the date of this announcement), HK\$5.0 billion and HK\$0.7 billion respectively. Accordingly, the Board considers that the remaining assets, profits and revenue of the Group are substantial and sufficient to warrant the continued listing of the Shares.

The Group functions as a conglomerate which engages in various businesses other than property leasing. Upon completion of the Disposal Agreements, the Group will continue its existing business activities other than those related to the Properties, and its principal activities will continue to be property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading. Under the current situation where the local economy is undergoing certain micro adjustment and the property market is expecting market correction, the Company will remain skeptically proactive and continue to monitor the property markets of Hong Kong, Mainland China and overseas closely. The Company will utilise the available resources after completion of the Disposal Transactions to replenish its land bank and identify potential acquisition targets to expand its investment property portfolio at opportune times.

INFORMATION OF GROUP AND THE VENDORS

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

CELIC is an investment holding company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company.

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

INFORMATION OF THE PURCHASERS

Each of Magic Square and Best Range is an investment holding company wholly-owned and used by Mr. Lau for the purpose of holding the assets to be acquired under the Disposal Agreements.

INFORMATION OF ASSETS TO BE DISPOSED OF

Information of the Target Companies

Keep Speed is a loan financing company incorporated in Hong Kong and a direct wholly-owned subsidiary of CELIC. Jumbo Grace is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of Good Top. Chinese Estates (Windsor House) is a property investment company incorporated in Hong Kong that owns the Properties and a subsidiary of Jumbo Grace.

After completion of the Keep Speed Disposal Agreement, Magic Square will become the beneficial owner of the entire issued share capital of Keep Speed, and Keep Speed will cease to be a subsidiary of the Company.

After completion of the Jumbo Grace Disposal Agreement, Best Range will become the beneficial owner of the entire issued share capital of the Jumbo Grace, and Jumbo Grace and Chinese Estates (Windsor House) will cease to be subsidiaries of the Company.

As at the date of this announcement, other than the Properties, the Club Membership and certain pledged bank deposits, debtors and prepayments, the Target Companies do not have any other material assets.

A summary of the audited results of Keep Speed for each of the two years ended 31 December 2013 and 2014 prepared in accordance with HKFRSs is set out below:–

	For the year ended 31 December 2013 <i>(HK\$ million)</i>	For the year ended 31 December 2014 <i>(HK\$ million)</i>
<u>Keep Speed</u>		
Revenue	115.8	110.7
Profit before tax	0.8	0.8
Profit after tax	0.8	0.8

A summary of the unaudited consolidated results of the Jumbo Grace Group for each of the two years ended 31 December 2013 and 2014 prepared in accordance with HKFRSs is set out below:–

	For the year ended 31 December 2013 <i>(HK\$ million)</i>	For the year ended 31 December 2014 <i>(HK\$ million)</i>
<u>Jumbo Grace Group</u>		
Revenue	421.5	448.7
Fair value changes on investment properties	342.0	586.3
Profit before tax	607.0	876.6
Profit after tax	563.5	828.9

As at 30 September 2015, the unaudited net asset value of Keep Speed was approximately HK\$0.8 million while the unaudited consolidated net asset value of the Jumbo Grace Group was approximately HK\$8,036.1 million; the amount of the Keep Speed Sale Loan and the amount of the Jumbo Grace Sale Loan were approximately HK\$18.6 million and approximately HK\$2,847.9 million, respectively; and the amount of the Keep Speed Assumed Debt and the amount of the Jumbo Grace Assumed Debt were approximately HK\$4,805.6 million and approximately HK\$280.9 million, respectively.

Information on the Properties

Chinese Estates (Windsor House) is the owner of the Properties, which details are set out below:–

Properties	Usage	Attributable interests to the Group
The properties known as “Windsor House” situated at No. 311 Gloucester Road, Hong Kong	Commercial	100%

COMPETING INTERESTS

In consideration of Good Top and the Company entering into the Jumbo Grace Disposal Agreement, subject to completion of the Jumbo Grace Disposal Agreement having occurred, Mr. Lau has undertaken to Good Top and the Company in the Jumbo Grace Disposal Agreement that so long as he and/or his close associate(s) (including without limitation Best Range) is/are the owner(s) of the retail portion of the Properties and so long as he or his close associate(s) is a director of the Company whilst the Group still owns retail properties in Causeway Bay, Hong Kong, whenever there is any

Potential Tenant approaching the Relevant Owner or its agent for a Potential Lease, Mr. Lau will not and, will procure the Relevant Owner not to, accept or enter into the Potential Lease unless the following steps have been done:–

- (a) the Relevant Owner has notified the Company (or any person designated by the Company from time to time to receive notification from the Relevant Owner for such purpose) the opportunity for the Potential Lease and referred the Potential Tenant to the Group for a potential lease, tenancy or license of the retail properties in Causeway Bay, Hong Kong owned by the Group, except that no such notification and referral need to be made by the Relevant Owner if the Potential Tenant disagrees with or refuses to such notification and referral (in which case the Relevant Owner shall be free to take up the Potential Lease); and
- (b) following the notification and referral mentioned in paragraph (a) above, the Group has decided not to accept the Potential Tenant for the lease, tenancy or licence of its retail properties in Causeway Bay, Hong Kong and conveyed its decline decision to the Relevant Owner or the Group has not notified in writing to the Relevant Owner its decision to accept the Potential Tenant within 3 weeks of the notification and referral mentioned in paragraph (a) above.

The Company proposes to adopt the following measures to monitor the compliance of the above undertakings when such undertakings are in force:–

- (i) a standard clause is proposed to be inserted into all the tenancy or leasing documents in respect of the retail portion of the Properties to be entered into between the Relevant Owner and the tenants, or alternatively a side letter to be signed and given by the tenants, whereby the tenants will confirm that they have been recommended or referred to lease the retail properties in Causeway Bay, Hong Kong owned by the Group before entering into the tenancy or leasing documents and that despite the recommendation or referral they do not intend to lease the retail properties in Causeway Bay, Hong Kong owned by the Group or they intend to lease the retail properties in Causeway Bay, Hong Kong owned by the Group but the Group has declined to lease the same to them;
- (ii) where the tenants intend to lease the retail properties in Causeway Bay, Hong Kong owned by the Group following the above recommendation or the referral but the Group has declined to lease the same to them, the reasons for the decline decisions will be properly recorded and documented by the Group and the relevant records will be passed to the independent non-executive Directors for information purposes annually at the same time as the submission of the tenancy or leasing documents and side letters to the independent non-executive Directors contemplated in sub-paragraph (iv) below;
- (iii) written instructions will be given by the Company to each of the staff responsible for leasing of the retail portion of the Properties in respect of the measures mentioned in (i) and (ii) above;

- (iv) copies of all such tenancy or leasing documents and side letters will be submitted to and reviewed by the independent non-executive Directors annually, for the purpose of monitoring the compliance of the above undertakings; and
- (v) the independent non-executive Directors will study the documents and records as provided above and discuss their findings with the responsible officers. If there is anything unusual, the independent non-executive Directors will ask for, and evaluate the adequacy of, the explanations. If the explanations are not acceptable to them, the independent non-executive Directors will propose additional measures and internal procedures which they may consider necessary or desirable for redressing the problems or deficiencies identified or better monitoring of the compliance of the above undertakings. In addition, the independent non-executive Directors will disclose the result of their review in the annual report. In the course of their review, the independent non-executive Directors may seek independent legal and/or financial advice, and (if necessary) commission independent third party to carry out a full and thorough investigation into the unusual matters and make recommendations to them on ways of redressing the problems, and upon completion of the investigation, depending on the seriousness of the outcome, take appropriate remedial measures to safeguard the interests of the Company and the Shareholders as a whole.

The Board (excluding the independent non-executive Directors, whose views will be provided after taking into account the opinion and advice from the independent financial adviser to be appointed by the Company) considers that the above measures are able to resolve the potential competition conflict between Mr. Lau or his close associate(s) and the Group that may follow from completion of the Jumbo Grace Disposal Transaction.

REASONS FOR AND BENEFITS OF THE DISPOSAL TRANSACTIONS

As the performance of certain retail business sectors has shown indications of reaching their peaks, recent market reports have revealed a downturn of rental income in the retail sector, especially in prime location such as Causeway Bay, Hong Kong. Decrease in Mainland China tourists' average spending also affects retail rental income. The situation is expected to intensify when full impact would become apparent after the alternation of the multiple-entries arrangement under the individual visit scheme for Shenzhen residents earlier this year. The Federal Reserve announced the increase in interest rate of the United States of America by 0.25% on 16 December 2015 and the Hong Kong Monetary Authority has followed suit, causing bank borrowing's interest expenses to increase, which would in turn result in reduction of the net return from holding investment properties and therefore potentially Shareholders' return. Accordingly, the Company considers that this would be an appropriate time to dispose of the Properties in order to seize the opportunity to maximise the return derived from the Properties, and unlock the value of its investments in the Properties in light of the possible downturn of the property market.

In view of the fact that the effort of the Group leasing the Properties out fully with a view to maximising the rental income of the Properties has been completed, the executive Directors decided to negotiate detailed terms with Mr. Lau, whom they regarded as a committed and capable purchaser

already familiar with the Properties. Negotiations with Mr. Lau could proceed in complete confidence without disturbing the market and the executive Directors have a high degree of certainty that the Jumbo Grace Disposal Transaction will proceed to completion as planned. The Jumbo Grace Consideration is determined by reference to the market values of the Properties as at 30 November 2015 as valued by an independent property valuer and will be paid entirely in cash. In addition, the structure of the Jumbo Grace Disposal Transaction is similar to the transactions contemplated under the Silvercord First SP Agreement and the Asian East SP Agreement. The SP Transactions (including the declaration of dividends as contemplated thereunder) were approved by the then Independent Shareholders by an overwhelming majority in favour at the relevant Company's special general meetings, indicating that Independent Shareholders were agreeable to the distribution of substantial special dividends. As such, the Board considers that accepting another offer of similar nature and terms will facilitate enhancement of return to the Shareholders and allow them to realise the intrinsic value of the Shares in the form of special dividends. Following these successful models, the executive Directors currently intend that a majority part of the net sale proceeds derived from the Disposal Transactions may be used to pay the Windsor Special Dividend to the Shareholders on or after the Jumbo Grace Completion Date, and the remaining net sale proceeds for general working capital of the Group, subject to the then financial and cashflow position of the Group at the respective point in time. In view of the Share Mortgage of which the entire issued share capital of Chinese Estates (Windsor House) has been charged in connection with the Bank Loan, the Board considers it is appropriate to dispose Keep Speed together with Jumbo Grace.

In view of the above, the Board (excluding the independent non-executive Directors, whose views will be provided after taking into account the opinion and advice from the independent financial adviser to be appointed by the Company) considers that the terms of the Disposal Agreements are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Based on the assumption that the relevant Consideration is determined based on the relevant net asset value of the Target Companies as at 30 September 2015 after adjusting the carrying amounts of the Properties to their market values as at 30 November 2015 and the carrying amount of the Club Membership to its latest market value and the relevant Sale Loan less the relevant Assumed Debt as at 30 September 2015, it is estimated that the aggregate net sale proceeds arising from the Disposal Transactions would be approximately HK\$5,842.2 million, after deducting the transaction costs related to the Disposal Transactions of approximately HK\$5 million.

Subject to the then financial and cashflow position of the Group at completion of the Disposal Agreements and assuming the Disposal Transactions shall have been approved by the Independent Shareholders at the SGM, it is currently intended that the majority part of the net sale proceeds which may be generated from the Disposal Transactions may be used to pay the Windsor Special Dividend to the Shareholders on or after completion of the Jumbo Grace Disposal Agreement (which is scheduled under the Jumbo Grace Disposal Agreement to be on or before 31 December 2016) in one or more phases. The aggregate amount of the Windsor Special Dividend to be paid to the

Shareholders shall not exceed the net sale proceeds of the Disposal Transactions. A small portion of such net sale proceeds will be used for general working capital of the Group. In this regard, the Disposal Transactions would enable the Shareholders to benefit from the Windsor Special Dividend. The Board will take into account the then financial and cashflow position of the Group at the respective point in time and the progress of the development of the Disposal Transactions before any Windsor Special Dividend is proposed and declared.

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

LISTING RULES IMPLICATION FOR THE DISPOSAL TRANSACTIONS

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

As Mr. Lau, being a substantial Shareholder and a controlling Shareholder, who is interested in 1,430,700,768 Shares, representing approximately 74.99% of the total issued Shares as at the date of this announcement, is a director and the sole beneficial owner of each of Magic Square and Best Range, Mr. Lau, Magic Square and Best Range are connected persons of the Company. Accordingly, the Disposal Transactions also constitute connected transactions for the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement, circular and Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules.

Further, pursuant to the Stock Exchange Undertaking, the Company has undertaken to the Stock Exchange that it will not enter into Specified Transaction with a Related Party which is for a consideration or in respect of a principal amount which, when aggregated with the consideration or principal amount of any other Specified Transaction(s) between the Company or any of its subsidiaries and any Related Party carried into effect during the previous 12 months, exceed HK\$200 million, unless the approval of the Shareholders at a general meeting of the Company at which the Related Party will abstain from voting is obtained. As Mr. Lau is a substantial Shareholder and a controlling Shareholder and also a director and the sole beneficial owner of each of Magic Square and Best Range respectively, each of Mr. Lau, Magic Square and Best Range is a Related Party for the

purpose of the Stock Exchange Undertaking. The Disposal Transactions will therefore constitute Specified Transactions and will be subject to approval by the Shareholders at a general meeting of the Company at which any Shareholder who is a Related Party will abstain from voting.

Each of Mr. Lau, Ming-wai, Ms. Chan, Sze-wan, Ms. Chan, Lok-wan and Ms. Amy Lau, Yuk-wai is an associate of Mr. Lau, who is a substantial Shareholder and a controlling Shareholder, and a director and the sole beneficial owner of each of Magic Square and Best Range respectively. Notwithstanding that none of the Directors has a material interest in the Disposal Transactions, in view of their relationship with Mr. Lau, each of Mr. Lau, Ming-wai, Ms. Chan, Sze-wan, Ms. Chan, Lok-wan and Ms. Amy Lau, Yuk-wai (if he or she was present at the relevant board meetings) abstained from voting on the Board resolutions approving the Disposal Agreements and the Disposal Transactions. Save as disclosed above and as disclosed in this announcement in respect of the views of the independent non-executive Directors which will be provided after taking into account the opinion and advice from the independent financial adviser to be appointed by the Company, no other Directors abstained from voting on the Board resolutions approving the Disposal Agreements and the Disposal Transactions.

GENERAL

A circular containing, among others, (i) details of the Disposal Agreements and the Disposal Transactions; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal Agreements and the Disposal Transactions; (iv) the valuation report on the Properties; and (v) the notice of SGM is expected to be despatched to the Shareholders on or before 15 January 2016.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Disposal Agreements and the Disposal Transactions. An Independent Board Committee has been appointed to advise the Independent Shareholders on whether or not the terms of the Disposal Agreements and the Disposal Transactions are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

The Directors shall seek the approval of the Independent Shareholders on the Disposal Agreements and the Disposal Transactions at the SGM. Mr. Lau and his associate(s) will abstain from voting on the resolution(s) approving the Disposal Agreements and the Disposal Transactions in accordance with Rules 14.46 and 14A.36 of the Listing Rules. Any vote exercised by the Independent Shareholders at the SGM shall be taken by poll.

Shareholders and potential investors of the Company should note that completion of each of the Disposal Agreements is subject to the satisfaction of the Condition Precedent, namely, the obtaining of the Independent Shareholders' Approval. Therefore, the Disposal Transactions may or may not proceed. Shareholders and potential investors of the Company are advised to

exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

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

- “Asian East SP Agreement”** the sale and purchase agreement dated 12 December 2014 entered into among Rich Lucky Limited, the Company, Market Victory Limited and Mr. Lau relating to the entire issued share capital of Asian East Limited (carrying on business in Hong Kong as Asian East Capital Limited);
- “associate(s)”** has the meaning ascribed to it in the Listing Rules;
- “Assumed Debt”** the Keep Speed Assumed Debt or the Jumbo Grace Assumed Debt (as the case may be);
- “Bank Loan”** the outstanding bank loan, interest and all other sums owed by Keep Speed pursuant to the loan agreement in relation to a term loan facility in the sum of HK\$4,800,000,000 dated 24 August 2015 between Keep Speed as borrower, and Bank of Communications Co., Ltd. Hong Kong Branch as the lender, or if such bank loan is repaid but its repayment is refinanced by a new bank loan obtained by Keep Speed or any of Jumbo Grace and Chinese Estates (Windsor House) prior to or upon completion of the Disposal Agreements, the outstanding bank loan, interest and all other sums owed by Keep Speed or any of Jumbo Grace and Chinese Estates (Windsor House) pursuant to such new bank loan;
- “Bank Loan Documents”** the loan and security documents executed in respect of the Bank Loan;
- “Best Range”** Best Range Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Lau indirectly;
- “Board”** the board of Directors;
- “Business Day(s)”** a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong;

“BVI”	the British Virgin Islands;
“CE Guarantee”	any guarantee, surety, security or indemnity given by any member of the Group (other than Target Companies) in respect of the obligations or liabilities of Keep Speed or any of Jumbo Grace and Chinese Estates (Windsor House);
“CELIC”	China Entertainment and Land Investment Company, Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;
“Chinese Estates (Windsor House)”	Chinese Estates (Windsor House) Limited (formerly known as “Country Luck Investment Limited”), a company incorporated in Hong Kong with limited liability and a subsidiary of Jumbo Grace;
“close associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Club Membership”	the nominee membership of The Hong Kong Golf Club held by Chinese Estates (Windsor House);
“Company”	Chinese Estates Holdings Limited (Stock Code: 127), a company incorporated in Bermuda with limited liability, the Shares are listed on the main board of the Stock Exchange;
“Completion Date”	the Keep Speed Completion Date or the Jumbo Grace Completion Date (as the case may be);
“Condition Precedent”	the condition precedent to the completion of the Disposal Agreements as set out in the section headed “The Condition Precedent of the Disposal Agreements” of this announcement;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Consideration”	the Keep Speed Consideration or the Jumbo Grace Consideration (as the case may be);
“Deposits”	the aggregate amounts equivalent to (i) the Windsor Special Dividend receivable by Global King and JLLHIL, or their nominees or custodians, as Shareholders; and (ii) any additional deposits of any amount on top of the aforesaid Windsor Special Dividend which Best Range shall be entitled to pay to Good Top prior to completion of the Jumbo Grace Disposal Agreement pursuant to the Jumbo Grace Disposal Agreement;

“Director(s)”	director(s) of the Company;
“Disposal Agreements”	comprising the Keep Speed Disposal Agreement and the Jumbo Grace Disposal Agreement, and “Disposal Agreement” means each or any of them;
“Disposal Transactions”	the transactions contemplated under the Disposal Agreements;
“Dividend Entitlements”	the entitlements to the Windsor Special Dividend by certain Shareholders who have executed and delivered to Good Top and the Company the Letter of Payment Direction;
“Encumbrances”	any interest or equity of any person (including, without limitation, any right to acquire, option or right of pre-emption) and any charge, mortgage, security interest, pledge, lien (including retention of title claims), assignment, power of sale or hypothecation and any rental, hire purchase, creditor, conditional sale or other third party right or restriction or encumbrance of any nature whatsoever (whether or not perfected);
“Global King”	Global King (PTC) Ltd., a company incorporated in the BVI with limited liability and a Shareholder and an associate of Mr. Lau, which is wholly owned by the trustee of a discretionary trust of which Mr. Lau is the founder and a beneficiary;
“Good Top”	Good Top Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the Board committee comprising all independent non-executive Directors, namely Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun, which has been established by the Board for the purpose of advising the Independent Shareholders in relation to the Disposal Agreements and the Disposal Transactions;

“Independent Shareholders”	Shareholders other than Shareholders who have a material interest in the Disposal Transactions (including Mr. Lau and his associate(s));
“Independent Shareholders’ Approval”	approval by the Independent Shareholders at the SGM in respect of the Disposal Agreements and the Disposal Transactions;
“JLLHIL”	Joseph Lau Luen Hung Investments Limited, a company incorporated in the BVI with limited liability and a Shareholder and an associate of Mr. Lau, which is wholly owned by the trustee of a discretionary trust of which Mr. Lau is the founder and a beneficiary;
“Jumbo Grace”	Jumbo Grace Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Jumbo Grace Assumed Debt”	all sums due and owing to any of Jumbo Grace and Chinese Estates (Windsor House) by any member of the Group (other than Keep Speed and the Jumbo Grace Group) as at the Jumbo Grace Completion Date;
“Jumbo Grace Completion Accounts”	the unaudited consolidated statement of comprehensive income of the Jumbo Grace Group for the period from 1 January 2016 and ending on the Jumbo Grace Completion Date and the unaudited consolidated statement of financial position of the Jumbo Grace Group as at the Jumbo Grace Completion Date, each prepared in accordance with HKFRSs;
“Jumbo Grace Completion Date”	any Business Day falling between 1 January 2016 and 31 December 2016 (both days inclusive) as shall be agreed between Good Top and Best Range for the purpose of completion of the Jumbo Grace Disposal Agreement, or failing agreement, 31 December 2016;
“Jumbo Grace Consideration”	the aggregate consideration for the purchase of the Jumbo Grace Sale Share and the Jumbo Grace Sale Loan pursuant to the Jumbo Grace Disposal Agreement;
“Jumbo Grace Disposal Agreement”	the sale and purchase agreement dated 23 December 2015 entered into among Good Top, the Company, Best Range and Mr. Lau relating to the entire issued share capital of Jumbo Grace and the Jumbo Grace Sale Loan;

“Jumbo Grace Disposal Transaction”	the transactions contemplated under the Jumbo Grace Disposal Agreement;
“Jumbo Grace Group”	comprising Jumbo Grace and its subsidiary, Chinese Estates (Windsor House);
“Jumbo Grace Long Stop Date”	30 June 2016 or such other date as may be agreed between Good Top and Best Range;
“Jumbo Grace Provisional Consideration”	a sum of HK\$10,633,394,886 less the estimated outstanding amount of the Bank Loan as of the Jumbo Grace Completion Date (which estimated outstanding amount of the Bank Loan shall be advised by Good Top to Best Range in writing by not later than 14 days prior to the Jumbo Grace Completion Date) as the provisional consideration payable by Best Range to Good Top upon completion of the Jumbo Grace Disposal Agreement;
“Jumbo Grace Sale Loan”	all sums due or owing by the Jumbo Grace Group to other members of the Group (other than Keep Speed and the Jumbo Grace Group) as at the Jumbo Grace Completion Date;
“Jumbo Grace Sale Share”	the one share of Jumbo Grace beneficially owned by and registered in the name of Good Top, representing the entire issued share capital of Jumbo Grace;
“Keep Speed”	Keep Speed Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Keep Speed Assumed Debt”	all sums due and owing to Keep Speed by any member of the Group (other than the Jumbo Grace Group) as at the Keep Speed Completion Date;
“Keep Speed Completion Accounts”	the unaudited statement of comprehensive income of Keep Speed for the period from 1 January 2016 and ending on the Keep Speed Completion Date and the unaudited statement of financial position of Keep Speed as at the Keep Speed Completion Date, each prepared in accordance with HKFRSs;
“Keep Speed Completion Date”	any Business Day falling between 1 January 2016 and 31 December 2016 (both days inclusive) as shall be agreed between CELIC and Magic Square for the purpose of completion of the Keep Speed Disposal Agreement, or failing agreement, 31 December 2016;

“Keep Speed Consideration”	the aggregate consideration for the purchase of the Keep Speed Sale Share and the Keep Speed Sale Loan pursuant to the Keep Speed Disposal Agreement;
“Keep Speed Disposal Agreement”	the sale and purchase agreement dated 23 December 2015 entered into among CELIC, the Company, Magic Square and Mr. Lau relating to the entire issued share capital of Keep Speed and the Keep Speed Sale Loan;
“Keep Speed Disposal Transaction”	the transactions contemplated under the Keep Speed Disposal Agreement;
“Keep Speed Long Stop Date”	30 June 2016 or such other date as may be agreed between CELIC and Magic Square;
“Keep Speed Provisional Consideration”	a sum of HK\$2.00 as the provisional consideration payable by Magic Square to CELIC upon completion of the Keep Speed Disposal Agreement;
“Keep Speed Sale Loan”	all sums due or owing by Keep Speed to other members of the Group (other than the Jumbo Grace Group) as at the Keep Speed Completion Date;
“Keep Speed Sale Share”	the two shares of Keep Speed beneficially owned by CELIC, representing the entire issued share capital of Keep Speed;
“Letter of Payment Direction”	a letter of payment direction regarding the Dividend Entitlements to the Windsor Special Dividend by certain Shareholders;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Magic Square”	Magic Square Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Lau indirectly;
“Mr. Lau”	Mr. Joseph Lau, Luen-hung, a substantial Shareholder and a controlling Shareholder;
“Potential Lease”	a potential lease, tenancy or license of the retail portion of the Properties or any part thereof;
“Potential Tenant”	any potential or prospective tenant or licensee of the retail portion of the Properties;

“Properties”	the properties held directly by Chinese Estates (Windsor House) as set out in the paragraph headed “Information on the Properties” of this announcement;
“Provisional Consideration”	the Keep Speed Provisional Consideration or the Jumbo Grace Provisional Consideration (as the case may be);
“Related Party”	for the purpose of the Stock Exchange Undertaking, a director, a substantial shareholder, a subsidiary or an associated company of the Company (other than a wholly-owned subsidiary of the Company) or an associate of any such person, save that any associated company of the Company which was formed with other independent third parties who is/are not connected person(s) of the Company as a joint venture consortium to engage in real property development projects will not be regarded as a Related Party pursuant to the Stock Exchange Undertaking;
“Relevant Owner(s)”	Mr. Lau and/or his close associate(s) (including without limitation, Best Range) who is/are the owner(s) of the retail portion of the Properties;
“Sale Loan”	the Keep Speed Sale Loan or the Jumbo Grace Sale Loan (as the case may be);
“SGM”	a special general meeting of the Company to be convened for the purpose of the Independent Shareholders considering, and if thought fit, approving the Disposal Agreements and the Disposal Transactions;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Share Mortgage”	the share mortgage in respect of the entire issued share capital of Chinese Estates (Windsor House) in favour of the lender under the Bank Loan Documents, and as at the date of this announcement, being the share mortgage in respect of the entire issued share capital of Chinese Estates (Windsor House) dated 31 August 2015 between Jumbo Grace and Chinese Estates, Limited as shareholders and Bank of Communications Co., Ltd. Hong Kong Branch as lender;

“Silvercord First SP Agreement”	the sale and purchase agreement dated 1 September 2014 entered into among Super Series Limited, the Company, Fly High Target Limited and Mr. Lau relating to the entire issued share capital of Brass Ring Limited;
“Silvercord SP Agreements”	collectively, (i) Silvercord First SP Agreement; (ii) the sale and purchase agreement dated 1 September 2014 entered into among Super Series Limited, the Company, Fly High Target Limited and Mr. Lau relating to the entire issued share capital of Union Leader Limited; and (iii) the sale and purchase agreement dated 1 September 2014 entered into among Chinese Estates, Limited, the Company, Coast Field Ltd. and Mr. Lau relating to the entire issued share capital of Silvercord Finance Limited (formerly known as “Chinese Estates and Finance, Limited”);
“SP Agreements”	collectively, the Silvercord SP Agreements and the Asian East SP Agreement;
“SP Transactions”	the transactions contemplated under the SP Agreements;
“Specified Transaction(s)”	for the purpose of the Stock Exchange Undertaking, transaction(s) between the Company or any of its subsidiaries and a Related Party being:– <ul style="list-style-type: none"> (a) any acquisition or disposal of assets by the Company or any of its subsidiaries whether in the ordinary and usual course of business of such company and/or on normal commercial terms or not; (b) an arrangement or agreement whereby the Company or any of its subsidiaries directly or indirectly grants a loan or gives other financial assistance to a Related Party; or (c) an arrangement or agreement whereby the Company or any of its subsidiaries provides security, whether by guarantee or otherwise, for the due discharge of any obligation of a Related Party; <p>which, in any such case, is for a consideration or in respect of a principal amount which, when aggregated with the consideration or principal amount of any other Specified Transaction(s) between the Company or any of its subsidiaries and any Related Party carried into effect during the previous 12 months, exceeds HK\$200 million;</p>

“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited;
“ Stock Exchange Undertaking ”	the undertaking provided by the Company to the Stock Exchange dated 20 September 1990 (as supplemented on 8 January 1991 and amended by letter dated 24 September 1996 from the Stock Exchange);
“ Target Companies ”	collectively, Keep Speed, Jumbo Grace and Chinese Estates (Windsor House), and “ Target Company ” means each or any one of them;
“ Two Deferred CE Windsor Shares ”	two non-voting deferred shares in Chinese Estates (Windsor House) legally and beneficially owned by and registered in the name of Chinese Estates, Limited;
“ Windsor Special Dividend ”	one or more special cash interim dividend(s) proposed to be declared and paid by the Company to the Shareholders in the anticipation that completion of the Jumbo Grace Disposal Agreement would take place (the amount of each such dividend per share to be determined by the Board), the record date for which shall fall before the Jumbo Grace Completion Date; and
“ % ”	per cent.

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

Hong Kong, 23 December 2015

As at the date of this announcement, the Board comprises Ms. Chan, Sze-wan, Ms. Chan, Lok-wan and Mr. Lam, Kwong-wai as Executive Directors, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors, and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.

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