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

DISCLOSEABLE TRANSACTION

ACQUISITION OF MINORITY INTEREST IN MOON OCEAN LTD.

On 28 March 2011, the Purchaser, being a wholly owned subsidiary of the Company, entered into the Agreement with, inter alia, the Vendor to acquire all the non-voting deferred shares in Moon Ocean, representing 29.99% of the entire issued share capital in Moon Ocean, being an 70.01% indirectly owned subsidiary of the Company prior to the Acquisition, at a total cash consideration of HK\$1,600 million. After completion of the Acquisition, Moon Ocean has become an indirect wholly owned subsidiary of the Company.

As the applicable percentage ratio in respect of the transaction contemplated under the Agreement exceeded 5% but was below 25%, the Agreement constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 28 March 2011, the Purchaser and the Company entered into the Agreement with the Vendor pursuant to which the Purchaser agreed to acquire from the Vendor all the non-voting deferred shares in Moon Ocean, representing 29.99% of the entire issued share capital in Moon Ocean. The principal terms of the Agreement are set out below:-

Date: 28 March 2011

Parties: Vendor as vendor

Purchaser as purchaser

Company as the Purchaser's guarantor

Subject Matter: Sale Shares

The Sale Shares comprise 2,999 non-voting deferred shares in Moon Ocean with par value of US\$1.00 each, representing 29.99% of the entire issued share capital of Moon Ocean. Pursuant to the articles of association of Moon Ocean, the holders of such non-voting deferred shares (i) have no right to receive notice of or to attend and vote at any meeting of the shareholders of Moon Ocean; (ii) only have the right to share with the holders of the ordinary shares in Moon Ocean in the part of the accumulated distributable profits of Moon Ocean exceeding the amount of HK\$1,000,333,445 on a pro-rata basis (any accumulated distributable profits up to such amount to be distributed among the holders of the ordinary shares in Moon Ocean (“Distribution Amount”) only); and (iii) have no right to receive together with holders of the ordinary shares in Moon Ocean on a pro-rata basis on a return of assets on winding up or otherwise of Moon Ocean in the first part of the assets amounting to HK\$1,000,333,445 or such lesser amount after deduction of any part of the Distribution Amount distributed to the holders of the ordinary shares.

Consideration: The total consideration for the purchase of the Sale Shares is the sum of HK\$1,600 million payable by the Purchaser to the Vendor in the following manner:-

(a) HK\$800 million has been paid on the date of the Agreement;

(b) HK\$400 million shall be payable within 90 days from the date of the Agreement; and

(c) HK\$400 million shall be payable within 180 days from the date of the Agreement.

Guarantee: The performance of the Purchaser’s obligations under the Agreement is guaranteed by the Company.

Completion took place on the date of the Agreement. On Completion, in addition to the payment of the first installment of the consideration of HK\$800 million, the Purchaser also delivered post-dated cheques for the balance of the consideration to the Vendor. The first installment of the consideration payable by the Purchaser under the Agreement was paid by internal resources of the Group and the balance of the consideration is intended to be paid by internal resources of the Group.

The Agreement was on normal commercial terms and the terms of the Agreement were arrived at after arm’s length negotiations between the parties. The consideration is determined by reference to a valuation report prepared by an independent property valuer in respect of the Property in existing state with current market value of HK\$8,500 million, net liabilities of Moon Ocean Group and the distribution amount for the Sale Shares on a return of assets of Moon Ocean. The Directors, including the independent non-executive Directors, consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

REASONS FOR THE ACQUISITION

The Acquisition enables the Group to own 100% of Moon Ocean and the Property; and the Group would derive the entire benefit from the future development of the Property.

INFORMATION ON THE GROUP

The Group is principally engaged in property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading. The Purchaser is an investment holding company for the purpose of holding the Group's interests in Moon Ocean.

INFORMATION ON THE VENDOR

The Vendor is an investment holding company for the purpose of holding the Sale Shares prior to their disposal under the Agreement. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is a third party independent of the Company and connected persons of the Company.

INFORMATION ON MOON OCEAN GROUP

Moon Ocean is a company incorporated in the British Virgin Islands with limited liability in 2005 and has three wholly-owned subsidiaries, namely Grand Silver Limited and Strong Well Limited, both being incorporated in the British Virgin Islands and Silver Jade Limited which is incorporated in Macau.

Prior to completion of the Acquisition, the Purchaser owned 7,001 ordinary shares in Moon Ocean, representing 70.01% of the entire issued share capital of Moon Ocean while the Vendor owned the remaining 2,999 non-voting deferred shares in Moon Ocean, representing 29.99% of the entire issued share capital of Moon Ocean. After completion of the Acquisition, all issued ordinary shares and non-voting deferred shares of Moon Ocean are owned by the Purchaser and the Moon Ocean Group has become indirect wholly owned subsidiaries of the Company.

Moon Ocean is the owner of the leasehold interest in the Land located adjacent to the Macau International Airport at Avenida Wai Long, Taipa, Macau, with a total site area of approximately 82,711 square metres (approximately 890,301 square feet). The Land can be developed with a total residential gross floor area of approximately 537,560 square metres (approximately 5,786,296 square feet) (excluding car park area and outdoor facilities area). The lease concession is valid until 13 December 2015, which is renewable in accordance with the applicable laws.

The Land is planned to be developed into a high-end residential project. The development will comprise 26 residential tower blocks to be developed in phases. Phase I development is being implemented and its site formation work commenced in May 2010. The launching of Phase I development is scheduled for the second quarter of 2011.

The financial highlights of Moon Ocean Group are set out below :-

	For the year ended 31 December 2009 (HK\$'000)	For the year ended 31 December 2010 (HK\$'000)
Loss before taxation	121	45
Loss after taxation	121	45
Net liabilities	1,564	1,609

Note: The financial figures were based on the unaudited consolidated financial statements of Moon Ocean, with book cost of the Property stated at historic cost of approximately HK\$1,494 million. As at 24 March 2011, the book cost of the Property was approximately HK\$2,124.6 million and the consolidated total liabilities and net liabilities of Moon Ocean Group were approximately HK\$2,205.7 million and HK\$1,492,000 respectively.

The financial statements of Moon Ocean were prepared in accordance with generally accepted accounting principles and practices in Hong Kong.

As at the date of this announcement, apart from its interest in the Property and the development project in respect thereof, the Moon Ocean Group does not have any material assets. The major liabilities of the Moon Ocean Group are intercompany loans due to wholly-owned subsidiaries of the Company.

GENERAL

As the applicable percentage ratio in respect of the transaction contemplated under the Agreement exceeded 5% but was below 25%, the Agreement constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Agreement;
“Agreement”	a sale and purchase agreement between the Vendor, the Purchaser and the Company in respect of the sale and purchase of the Sale Shares dated 28 March 2011;
“Board”	the board of directors of the Company;
“Company”	Chinese Estates Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange;
“Completion”	the completion of the Agreement;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	Director(s) of the Company;

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Land”	the land at Avenida Wai Long, Taipa, Macau, particulars of which are set out in the paragraph headed “Information on Moon Ocean Group” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange in force for the time being;
“Macau”	the Macau Special Administrative Region of the People’s Republic of China;
“Moon Ocean”	Moon Ocean Ltd., a company incorporated in the British Virgin Islands;
“Moon Ocean Group”	Moon Ocean and its direct or indirect wholly owned subsidiaries;
“Property”	Land and the structures thereon;
“Purchaser”	Union Team Limited, a company incorporated in the British Virgin Islands, being a wholly owned subsidiary of the Company;
“Sale Shares”	2,999 non-voting deferred shares in Moon Ocean, representing 29.99% of the entire issued share capital of Moon Ocean and all with par value of US\$1.00 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Best Express Holdings Limited, a company incorporated in the British Virgin Islands, which and the ultimate beneficial owner(s) of which, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

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

Hong Kong, 28 March 2011

As at the date of this announcement, the Board comprised Mr. Joseph Lau, Luen-hung as Executive Director, 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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