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## CHINESE ESTATES HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 127)**

### **ANNOUNCEMENT, CLARIFICATION AND RESUMPTION OF TRADING**

The Company has been informed by the Vendor that on 2nd March, 2006, the Vendor entered into a sale and purchase agreement with the Purchaser, an independent third party, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase or procure the purchase of 60,539,000 Shares at a sale price of HK\$8.33 per Share.

The executive directors of the Company have clarified their intentions regarding future dealing in the Shares.

Trading in the securities of the Company on the Stock Exchange was continuously suspended at the request of the Company with effect from 9:30 am on 1st March, 2006 pending the release of this announcement. The Company has applied for a resumption of trading in its securities with effect from 9:30 am on 3rd March, 2006.

#### **Sale of 60,539,000 Shares by the Vendor**

Chinese Estates Holdings Limited (the “Company”) has been informed by Primetek Holdings Limited (the “Vendor”) who has a notifiable interest (as defined in Part XV of the Securities and Futures Ordinance) in shares of the Company (the “Shares”) that on 2nd March, 2006, the Vendor entered into a sale and purchase agreement with an institutional investor (the “Purchaser”), an independent third party, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase or procure the purchase of 60,539,000 existing Shares in the capital of the Company at a sale price of HK\$8.33 per Share (the “Share Sale”). The Purchaser has the right to nominate its affiliates to take up such Shares. The Share Sale will be effected off-market and completion of the Share Sale will take place on or about 6th March, 2006.

The sale price of HK\$8.33 per Share represents a discount of approximately 3.14% to the closing price of HK\$8.6 per Share as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 27th February, 2006, being the last trading day of the Shares prior to the release of this announcement; and a discount of approximately 2.4% to the average closing price of HK\$8.535 per Share for the last 10 trading days of the Shares prior to the release of this announcement. The 60,539,000 Shares agreed to be sold by the Vendor under the Share Sale represent approximately 2.88% of the existing issued share capital of the Company. Immediately before the Share Sale, the Vendor held 152,520,000 Shares. Immediately upon completion of the Share Sale, the Vendor will cease to have a notifiable interest (as defined in Part XV of the Securities and Futures Ordinance) in the Company.

#### **Background information about disposal of Shares by Sunny Trend to TCI as announced on 28th February, 2006**

Mr. Thomas Lau, Luen-hung (“Mr. Thomas Lau”), the Chairman and executive director of the Company, has also provided the Company with the background information regarding the previous disposal of Shares by Sunny Trend Limited (“Sunny Trend”), a company which is beneficially owned by Mr. Thomas Lau’s family trust, to The Children’s Investment Fund Management (UK) LLP (“TCI”) as announced on 28th February, 2006 (the “Previous Sale”). Prior to entering into the Previous Sale, TCI approached Mr. Joseph Lau, Luen-hung (“Mr. Joseph Lau”) and Mr. Thomas Lau for the acquisition of Shares. Mr. Joseph Lau and Mr. Thomas Lau as executive directors of the Company believed that it would be in the long term interests of the Company to introduce more internationally renowned investors to hold Shares. However, as Global King Ltd. (“Global King”), being a controlling shareholder of the Company holding approximately 53.07% interest in the Company, is currently subject to certain undertaking on disposal of Shares, Mr. Thomas Lau and Sunny Trend agreed to sell all Sunny Trend’s shareholding in the Company to TCI pursuant to the Previous Sale.

Mr. Thomas Lau and Mr. Joseph Lau have clarified that they or their respective associate(s) (including Sunny Trend and Global King) may in future trade in the Shares.

### **Current Status of Proposed Spin-off**

The Directors would also like to remind investors of the announcement made by the Company on 24th February, 2006 regarding, amongst others, the proposed spin-off of some of the Company's commercial properties in the form of a real estate investment trust ("REIT") for a separate listing on the Main Board of the Stock Exchange. As at the date of this announcement, the Company has only made an application to the Stock Exchange regarding the proposed spin-off but no application has been made to the relevant regulatory authorities for the listing of the proposed REIT.

Save as disclosed above or in the previous announcements of the Company, the board of directors of the Company (the "Board") confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), nor is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Trading in the securities of the Company on the Stock Exchange was continuously suspended at the request of the Company with effect from 9:30 am on 1st March, 2006 pending the release of this announcement. The Company has applied for a resumption of trading in its securities with effect from 9:30 am on 3rd March, 2006.

By Order of the Board  
**Lam, Kwong-wai**  
*Company Secretary*

Hong Kong, 2nd March, 2006

*As at the date of this announcement, the Board comprises Mr. Thomas Lau, Luen-hung and Mr. Joseph Lau, Luen-hung as Executive Directors, Ms. Amy Lau, Yuk-wai as Non-executive Director and Mr. Cheng, Kwee, Mr. Chan, Kwok-wai and Ms. Phillis Loh, Lai-ping as Independent Non-executive Directors.*

*Website: <http://www.chineseestates.com>*

Please also refer to the published version of this announcement in The Standard and South China Morning Post (Business).