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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**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, 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 DISPOSAL OF A SUBSIDIARY**

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 4 to 13 of this circular.

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## DEFINITIONS

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

“affiliate(s)”	a party is an affiliate of another party if it has the ability to control, jointly control or exercise significant influence over the other party in making financial or operational decisions. Parties are also considered to be affiliates if they are subject to common control, joint control or significant influence
“Announcement”	the announcement of the Company dated 12 November 2015 in respect of the Disposal Transaction
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Chinese Estates Holdings Limited (Stock Code: 127), a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Disposal Transaction
“Completion Accounts”	unaudited financial statements of Pioneer Time as at the date of Completion to be produced by the Vendor to the Purchaser on the date of Completion
“Condition(s) Precedent”	condition(s) precedent to completion of the Disposal Agreement as set out under section C headed “The Conditions Precedent of the Disposal Agreement” under the letter from the Board of this circular
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration payable by the Purchaser under the Disposal Agreement, being HK\$12,500,000,000 (subject to adjustment)
“Director(s)”	director(s) of the Company
“Disposal Agreement”	the equity and debt transfer agreement dated 12 November 2015 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the entire issued share capital of and all the interests in the debts receivable from Pioneer Time
“Disposal Transaction”	the transactions contemplated under the Disposal Agreement

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## DEFINITIONS

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“Evergrande”	Evergrande Real Estate Group Limited (Stock Code: 3333), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange, being the ultimate holding company of the Purchaser
“Evergrande Group”	Evergrande and its subsidiaries
“Fair Value of the Consideration”	the fair value of the Consideration measured at amortised cost using effective interest method in accordance with HKFRSs, after taking into account the various payment dates of each instalment of the Consideration receivable as at date of Completion and the applicable discount rate
“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
“Latest Practicable Date”	30 November 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Pioneer Time”	Pioneer Time Investment Limited, a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of the Vendor as at the Latest Practicable Date
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong and Macau Special Administrative Region and Taiwan
“Previous Transactions”	transactions of the Company regarding the disposals of subsidiaries to Evergrande Group as disclosed in the announcements of the Company dated 14 July 2015 and 19 October 2015
“Properties”	the properties held directly by Pioneer Time, as set out under section J headed “Information about the Asset to be Disposed of – Information of the Properties” under the letter from the Board of this circular

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## DEFINITIONS

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“Purchaser”	Shengyu (BVI) Limited, a company incorporated in the BVI with limited liability, which is an indirect wholly-owned subsidiary of Evergrande
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Great System Investment Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Working Day(s)”	calendar days on which the major commercial banks in Hong Kong are open for business (excluding Saturday, Sunday and public holidays)
“%”	per cent.

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## LETTER FROM THE BOARD

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## CHINESE ESTATES HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 127)**

*Executive Directors:*

Chan, Sze-wan (*Chief Executive Officer*)  
Chan, Lok-wan  
Lam, Kwong-wai

*Non-executive Directors:*

Lau, Ming-wai (*Chairman*)  
Amy Lau, Yuk-wai

*Independent Non-executive Directors:*

Chan, Kwok-wai  
Phillis Loh, Lai-ping  
Ma, Tsz-chun

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Principal office in Hong Kong:*

26th Floor  
MassMutual Tower  
38 Gloucester Road  
Wanchai  
Hong Kong

3 December 2015

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION DISPOSAL OF A SUBSIDIARY**

#### **A. INTRODUCTION**

Reference is made to the Announcement. On 12 November 2015, the Vendor (an indirect wholly-owned subsidiary of the Company) has entered into the Disposal Agreement with the Purchaser (an independent third party), pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the entire issued share capital of and all the interests in the debts receivable from Pioneer Time at a total consideration of HK\$12,500,000,000 (subject to adjustment). Following Completion, the Purchaser will hold the entire issued share capital of and all the interests in the debts receivable from Pioneer Time.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal Transaction, either on a standalone basis or when aggregated with the Previous Transactions (which have been disclosed by way of announcements in accordance with the requirements under the Listing

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## LETTER FROM THE BOARD

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Rules), exceed 25% but are less than 75%, the Disposal Agreement and the Disposal Transaction constitute a major transaction for the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the Disposal Agreement and the Disposal Transaction if the Company were to convene a general meeting for such approval. On the date of the Announcement, Global King (PTC) Ltd., being a substantial Shareholder holding 1,199,715,948 Shares (representing approximately 62.89% of the issued share capital of the Company as at the date thereof), has given its written approval for the Disposal Agreement and the Disposal Transaction and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. Accordingly, no physical Shareholders' meeting will be held by the Company for approving the Disposal Agreement and the Disposal Transaction.

The purpose of this circular is to give you further information regarding, among others: (i) details of the Disposal Agreement and the Disposal Transaction; (ii) certain financial information as required under the Listing Rules; (iii) further information of the Group; and (iv) the valuation report on the Properties.

### **B. THE DISPOSAL AGREEMENT**

#### **Date**

12 November 2015

#### **Parties**

- (a) Great System Investment Limited, as vendor; and
- (b) Shengyu (BVI) Limited, as purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent of and not connected with the Company and its connected persons.

#### **Assets to be disposed of**

1. The entire issued share capital of Pioneer Time; and
2. All the interests in the debts receivable by the Vendor and/or its affiliates from Pioneer Time.

#### **Consideration**

The total Consideration for the sale and purchase of the entire issued share capital of and all the interests in the debts receivable from Pioneer Time is HK\$12,500,000,000 provided that if the total amount of the current liabilities (excluding debts receivable by the Vendor and/or its affiliates

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## LETTER FROM THE BOARD

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and deferred tax) of Pioneer Time is greater than the total amount of its current assets as shown in the Completion Accounts, the total Consideration shall be reduced by such difference and the sum payable under last instalment as set out in item (h) under the paragraph headed “Terms of payment” under this section B headed “The Disposal Agreement” shall be reduced accordingly.

The Consideration was determined by the parties to the Disposal Agreement following arm’s length negotiations on normal commercial terms by reference to (i) the unaudited net asset value of Pioneer Time of approximately HK\$10,043.9 million as at 30 September 2015 after adjusting the carrying amount of the Properties to their market values as at 12 November 2015 and (ii) the estimated amount of the debts receivable as at the date of Completion. On the assumption that an advance has been made by the Group to Pioneer Time for repayment of bank loan when the Completion has taken place on 30 November 2015, and based on the current estimated net operating gain up to the date of Completion, it is expected that the amount of debts receivable would be approximately HK\$1,074.8 million on the date of Completion.

The amount of debts receivable as at 31 October 2015 was nil, instead, the amount owed by the Group to Pioneer Time was approximately HK\$655.8 million as at 31 October 2015.

The Company will publish further announcement once the actual amount of the Consideration is confirmed.

### **Terms of payment**

The Consideration shall be paid by the Purchaser (or a company designated by the Purchaser) to the Vendor (or a company designated by the Vendor) in cash or by way of bank transfer or such other methods of payment as agreed by the Vendor and the Purchaser in the following manner:–

- (a) 10% of the Consideration, amounting to HK\$1,250,000,000, as deposit of the Consideration within 5 Working Days following the date of the Disposal Agreement (or such other date as agreed by the Vendor and the Purchaser in writing);
- (b) 30% of the Consideration, amounting to HK\$3,750,000,000, at Completion;
- (c) 10% of the Consideration, amounting to HK\$1,250,000,000, on or before the first anniversary of Completion;
- (d) 10% of the Consideration, amounting to HK\$1,250,000,000, on or before the second anniversary of Completion;
- (e) 10% of the Consideration, amounting to HK\$1,250,000,000, on or before the third anniversary of Completion;
- (f) 10% of the Consideration, amounting to HK\$1,250,000,000, on or before the fourth anniversary of Completion;



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## LETTER FROM THE BOARD

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- (g) 10% of the Consideration, amounting to HK\$1,250,000,000, on or before the fifth anniversary of Completion; and
- (h) 10% of the Consideration, amounting to HK\$1,250,000,000, on or before the sixth anniversary of Completion.

At Completion, Evergrande shall also give a corporate guarantee in favour of the Vendor for the due and punctual discharge of the Purchaser's payment obligations including the Consideration and overdue fine (if payable) under the Disposal Agreement and/or damages payable to the Vendor arising from the Purchaser's default in duly and punctually discharging the aforementioned payment obligations.

Of the Consideration amounting to HK\$12,500 million, 40% is receivable by the Vendor on or before Completion, while 60% of the Consideration is receivable by the Vendor by equal instalment in 1 to 6 years after Completion (the "**Deferred Receipt**"). The payment terms of the Consideration were determined following arm's length negotiations between the Vendor and the Purchaser, taking into account various timing and amount of the Deferred Receipt, the overdue fine receivable as described under the paragraph headed "Overdue fine" under this section B headed "The Disposal Agreement", the identity and standing of Evergrande, the guarantee to be provided by Evergrande as described above, and the premium of the Consideration (as adjusted for the rental income that would be foregone by the Vendor during the Deferred Receipt period) over the market value of the Properties as at 12 November 2015.

In terms of time value of money for the Deferred Receipt, the Directors have taken into consideration the estimated amount of rental income which the Vendor (through Pioneer Time) could have received if Completion only took place after full payment of the Consideration 6 years later. Based on the valuation report of the Properties prepared by Vigers Appraisal And Consulting Limited which is set out in Appendix II to this circular, the gross monthly rental income of the Properties was approximately HK\$15.08 million. The rental income which would be foregone by the Vendor during the Deferred Receipt period is approximately HK\$1,085.76 million, which is compensated by the premium of approximately HK\$1,300 million of the Consideration over the market value of the Properties as at 12 November 2015 of HK\$11,200 million. The Directors consider that the Consideration, as adjusted for the rental income that would be foregone during the Deferred Receipt period, is approximately HK\$11,414.24 million which represents a premium of approximately HK\$214.24 million or 1.91% over the market value of the Properties as at 12 November 2015 of HK\$11,200 million.

Given that the disposal under the Disposal Agreement is one of the largest transactions of the Group in the last 10 years with an exceptionally large lump sum of consideration and it is difficult for the Vendor to find a buyer in the market who is willing, ready and able to pay for the entire HK\$12,500 million in cash within a short period of time, it is not unreasonable that the payment terms under the Disposal Agreement are different from those adopted in usual disposal of properties.

Based on the above, the Directors consider that the payment terms, albeit the Deferred Receipt, of the Consideration are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Overdue fine**

If the Purchaser has not performed or fails to perform its obligations (including but not limited to not performing or failure to perform wholly) to pay the Consideration as agreed under the Disposal Agreement, it shall pay the Vendor an overdue fine calculated at a rate of three in ten-thousandths (namely 0.03% per day) of the relevant Consideration payable but unpaid by the Purchaser on daily basis for any delay to pay the Consideration, unless and until the relevant Consideration has been fully paid.

If the Vendor has not performed or fails to perform its obligations (including but not limited to not performing or failure to perform wholly) as agreed under the Disposal Agreement, it shall pay the Purchaser an overdue fine calculated at a rate of three in ten-thousandths (namely 0.03% per day) of the relevant Consideration paid by the Purchaser on daily basis for any delay in performance, unless and until the relevant obligations have been fully performed.

### **C. THE CONDITIONS PRECEDENT OF THE DISPOSAL AGREEMENT**

Completion is conditional upon the satisfaction of the following Conditions Precedent:–

- (a) if required by the Listing Rules or the Stock Exchange, the Company as the holding company of the Vendor shall, pursuant to the Listing Rules, pass all necessary Shareholders' resolutions (in the form of written approval from Shareholders or by passing an ordinary resolution at a general meeting (if such written approval is not obtained)) to approve the Disposal Agreement and the Disposal Transaction, and grant all other necessary approvals or waivers as required (if applicable);
- (b) the Vendor shall obtain all necessary approvals required to be obtained from third parties in relation to the Disposal Transaction (if necessary);
- (c) if required by the Listing Rules or the Stock Exchange, the ultimate holding company of the Purchaser shall, pursuant to the Listing Rules, pass all necessary shareholders' resolutions (in the form of written approval from shareholders or by passing an ordinary resolution at a general meeting (if such written approval is not obtained)) to approve the Disposal Agreement and the Disposal Transaction, and grant all other necessary approvals or waivers as required (if applicable);
- (d) the Purchaser shall obtain all necessary approvals required to be obtained from third parties in relation to the Disposal Transaction (if necessary); and
- (e) the Purchaser is satisfied with the result of the due diligence.

The Purchaser shall complete the due diligence mentioned in item (e) of the Conditions Precedent within 30 days from the date of the Disposal Agreement. If the Purchaser is unsatisfied with the result of the due diligence, it is entitled to terminate the Disposal Agreement by giving a written notice to the Vendor (no later than the 30 days from the date of the Disposal Agreement). The Vendor shall return the deposit of the Consideration as set out in item (a) under the paragraph headed "Terms of payment" under section B headed

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## **LETTER FROM THE BOARD**

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“The Disposal Agreement”, if already paid by the Purchaser, (excluding interests) within 5 Working Days following the receipt of such written notice, and neither the Vendor nor the Purchaser shall be subject to any other liability in relation to the termination of the Disposal Agreement. If no such notice of termination is given by the Purchaser, the Purchaser shall be deemed to be satisfied with the result of the due diligence.

If the Conditions Precedent are not fulfilled within 45 days from the date of the Disposal Agreement (or such other dates as agreed between the parties), any party to the Disposal Agreement shall be entitled to terminate the Disposal Agreement by giving a written notice to the other party and the Vendor shall return the deposit of the Consideration as set out in item (a) under the paragraph headed “Terms of payment” under section B headed “The Disposal Agreement”, if already paid by the Purchaser, (excluding interests) within 5 Working Days following the receipt of such written notice, and neither the Vendor nor the Purchaser shall be subject to any other liability in relation to the termination of the Disposal Agreement.

### **D. COMPLETION OF THE DISPOSAL AGREEMENT**

Subject to the Conditions Precedent having been satisfied, Completion shall take place on a date to be agreed by the Vendor and the Purchaser (which shall be no later than 6 months from the date of the Disposal Agreement).

### **E. OTHER MATTERS**

The Group will continue the leasing of those office premises in the Properties (including the principal office of the Company in Hong Kong) and car parking spaces in the Properties which are currently leased to the Group after Completion upon the terms of a new tenancy agreement to be negotiated by the parties and entered into on or before Completion, subject to the Vendor’s undertaking to procure, if so requested by the Purchaser, the handover of no more than 2 floors of such leased office premises (other than the principal office of the Company in Hong Kong) to the Purchaser for renovation and use after signing of the Disposal Agreement. The Vendor shall procure the termination of existing tenancy of certain floors of the Properties, tenant’s naming right of the Properties and licences for a signage on the Properties. After Completion, the Group will continue to provide property management services for the Properties in accordance with the existing agreement with Pioneer Time.

### **F. FINANCIAL EFFECT OF THE DISPOSAL TRANSACTION**

After Completion, Pioneer Time will cease to be a subsidiary of the Company and its financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group.

The Group expects to record a gain of approximately HK\$1,529.4 million (subject to adjustment and audit) from the Disposal Transaction. This amount is calculated based on (i) the Consideration (after adjustment of the estimated net current liabilities in the Completion Accounts); (ii) the unaudited net asset value of Pioneer Time as at 30 September 2015 (adjusted for the carrying amount of part of the Properties which are leased to third parties to their market values as at 12 November 2015; while the carrying amount of part of the Properties which are occupied by the Group remained at cost less accumulated depreciation); (iii) the estimated amount of the debts receivable amounted to approximately HK\$1,068.5 million as at 30 September 2015 assuming an advance to Pioneer Time for repayment of bank loan; (iv) the transaction cost arising from the Disposal Transaction; and (v) adjustment to the Fair Value of the Consideration.

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## LETTER FROM THE BOARD

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The actual gain to be recorded might be different as the above estimate is based on (i) the unaudited net asset value of Pioneer Time as at 30 September 2015 (taking into account the market values as at 12 November 2015 of part of the Properties which are leased to third parties); (ii) the estimated amount of the debts receivable as at 30 September 2015 assuming an advance to Pioneer Time for repayment of bank loan; (iii) adjustment of the estimated net current liabilities in the Completion Accounts; and (iv) adjustment to the Fair Value of the Consideration, which might be different from those as at the date of Completion.

Following Completion, contribution of rental income from the Properties will not be included in the consolidated financial statements of the Group. This will lead to a drop of rental income of the Group. Pioneer Time had outstanding bank loan of HK\$1,785.0 million as at the Latest Practicable Date. Following Completion, the level of borrowings of the Group shall be reduced and this will result in a lower finance costs to be incurred by the Group.

Principal assets of Pioneer Time are the Properties. In the consolidated financial statements of the Group, part of the Properties which are leased to third parties are recorded as investment properties and stated at fair value; while part of the Properties which are occupied by the Group as office premises are recorded as property, plant and equipment and stated at cost less accumulated depreciation. As a result of the Disposal Transaction, such assets will be deconsolidated from the Group's consolidated statement of financial position upon Completion. On the assumption that Completion has taken place on 30 November 2015, the carrying amounts of the Properties to be deducted from the total assets of the Group upon Completion are approximately HK\$9,162.9 million. On the other hand, the Group is expected to receive the net proceeds from the Disposal Transaction which are estimated to an amount of approximately HK\$12,498.3 million and that will increase the Group's total assets by the same amount. Similarly, liabilities of Pioneer Time will be deconsolidated from the Group's consolidated statement of financial position upon Completion, it is expected that the total liabilities of the Group will be reduced by the carrying amounts of total liabilities of Pioneer Time at the date of Completion. The carrying amounts of total liabilities of Pioneer Time as at 30 September 2015 as shown in the Group's latest unaudited financial statements was approximately HK\$1,893.3 million (including bank loan of HK\$1,800 million). Save for the aforesaid effects arising from the Disposal Transaction, the Disposal Transaction does not have other material effect on the earnings, assets and liabilities of the Group.

### **G. REASONS FOR AND BENEFITS OF THE DISPOSAL TRANSACTION, AND USE OF PROCEEDS**

The Disposal Transaction enables the Group to realise cash and unlock the value in its investment in the Properties at fair market value. The net proceeds from the Disposal Transaction is approximately HK\$12,498.3 million, net of the transaction cost of the Disposal Transaction. The net proceeds to be received by the Vendor from the Disposal Transaction will be applied towards the working capital requirements of the Group.

### **H. INFORMATION OF THE GROUP AND THE VENDOR**

The Group is principally engaged in property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading. The Vendor is an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company.

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## LETTER FROM THE BOARD

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### I. INFORMATION OF THE PURCHASER AND ITS ULTIMATE HOLDING COMPANY

The Purchaser is an investment company incorporated in the BVI and is indirectly wholly-owned by Evergrande. Evergrande is principally engaged in the development of large scale residential properties and integrated commercial properties in the PRC.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent of and not connected with the Company and its connected persons.

### J. INFORMATION ABOUT THE ASSET TO BE DISPOSED OF

#### Information of Pioneer Time

Pioneer Time is property investment company incorporated in the BVI and a direct wholly-owned subsidiary of the Vendor. As at the Latest Practicable Date, other than the Properties, bank deposits, inter-company debts, prepayments and rental receivables, Pioneer Time does not have any other material assets.

A summary of the audited results of Pioneer Time for each of the two years ended 31 December 2013 and 2014 prepared according to HKFRSs is set out below:-

	<b>For the year ended 31 December 2013</b> <i>(HK\$ million)</i>	<b>For the year ended 31 December 2014</b> <i>(HK\$ million)</i>
Revenue	149	171
Fair value changes on investment properties	63	242
Profit before tax	134	368
Profit after tax	121	347

As at 30 September 2015, the unaudited net asset value of Pioneer Time after adjusting the carrying amount of the Properties to their market values as at 12 November 2015 was approximately HK\$10,043.9 million.

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## LETTER FROM THE BOARD

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### Information of the Properties

Pioneer Time is the owner of the Properties and the details of which are set out below:–

<b>Properties</b>	<b>Usage</b>	<b>Attributable interests to the Group</b>
The properties known as “MassMutual Tower”, situated at No. 38 Gloucester Road and No. 25 Jaffe Road, Wanchai, Hong Kong	Commercial	100%

### K. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Disposal Transaction, either on a standalone basis or when aggregated with the Previous Transactions (which have been disclosed by way of announcements in accordance with the requirements under the Listing Rules), exceed 25% but are less than 75%, the Disposal Agreement and the Disposal Transaction constitute a major transaction for the Company and are subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the Disposal Agreement and the Disposal Transaction if the Company were to convene a general meeting for such approval. On the date of the Announcement, Global King (PTC) Ltd., being a substantial Shareholder holding 1,199,715,948 Shares (representing approximately 62.89% of the issued share capital of the Company as at the date thereof), has given its written approval for the Disposal Agreement and the Disposal Transaction and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. Accordingly, no physical Shareholders’ meeting will be held by the Company for approving the Disposal Agreement and the Disposal Transaction.

### L. RECOMMENDATION

The Board considers that the terms of the Disposal Agreement and the Disposal Transaction are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Property investment is one of the principal businesses of the Group. The Company monitors the property markets in Hong Kong, the PRC and overseas closely and evaluates its investment property portfolio from time to time. It is the Company’s business strategy to realise its investment properties if good opportunities arise and replenish its land bank and expand its property portfolio at opportune times. As such, the Board considers that the Disposal Transaction is in line with the Group’s business strategy and is in the ordinary and usual course of business of the Group. If a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Disposal Agreement and the Disposal Transaction at such general meeting.

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## LETTER FROM THE BOARD

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### M. GENERAL

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions Precedent. Therefore, the Disposal Transaction 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.

### N. ADDITIONAL INFORMATION

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

Yours faithfully,  
By order of the Board  
**Lam, Kwong-wai**  
*Executive Director and 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 2012, 2013 and 2014 and the six months ended 30 June 2015 are disclosed in the annual reports of the Company for the years ended 31 December 2012, 2013 and 2014 and the interim report of the Company for the six months ended 30 June 2015 respectively. These annual and interim reports are published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.chineseestates.com>):

- annual report of the Company for the year ended 31 December 2012 published on 19 April 2013 (pages 83 – 232);
- annual report of the Company for the year ended 31 December 2013 published on 14 April 2014 (pages 79 – 241);
- annual report of the Company for the year ended 31 December 2014 published on 16 April 2015 (pages 83 – 248); and
- interim report of the Company for the six months ended 30 June 2015 published on 24 September 2015 (pages 2 – 34).

## 2. INDEBTEDNESS

### Borrowings

As at the close of business on 31 October 2015, being the latest practicable date for the purpose of this indebtedness prior to the printing of this circular, the Group had outstanding borrowings as follow:

	<b>31 October 2015</b>
	<i>HK\$'000</i>
Secured bank loans	10,627,509
Other secured loans	4,764,706
Amounts due to associates	1,708,156
Amounts due to investee companies	27,085
Amounts due to non-controlling shareholders	<u>521,434</u>
	<u><u>17,648,890</u></u>

The bank loans and the other loans were secured by the Group's investment properties, property, investments held-for-trading, bonds, pledged deposits and interests in certain subsidiaries of the Company.



**Guarantees**

As at 31 October 2015, the Group continued to provide (i) financial guarantee on banking facilities in lieu of the cash public utility deposit jointly utilised by the Company's subsidiaries and (ii) rental guarantee of certain disposed properties to certain purchasers. Details of the guarantees are as follow:

<b>31 October 2015</b>	
<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
Rental guarantee given to certain property purchasers of a subsidiary	<u>1,588</u>
	<u><u>16,588</u></u>

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business of the Group, as at the close of business on 31 October 2015, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

**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 2014, 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, except:–

- (i) as disclosed in the profit warning announcement of the Company and the latest interim report of the Company published on 7 August 2015 and 24 September 2015 respectively, the Group recorded a decline in revenue and a loss for the six months ended 30 June 2015 as compared with the revenue and a profit for the six months ended 30 June 2014. It was primarily due to disposal of Silvercord property, no dividend income from the Group's investee company in respect of property development and trading, decline in sale of trading properties and loss in the fair value changes on investment properties;
- (ii) as disclosed in the 2015 interim report of the Company, following the completion of the agreements in respect of disposal of Silvercord property and the completion of the agreement in respect of disposal of The ONE property on 13 January 2015 and 15 July 2015 respectively, it is expected that the Group's rental income and revenue for the year ending 31 December 2015 will record a sizable decrease when compared to those of the year ended 31 December 2014;

- (iii) as disclosed in the discloseable transaction announcement of the Company published on 14 July 2015 in respect of disposals of subsidiaries, following the completion of the disposals, the revenue and the profit of the subsidiaries in Chengdu will no longer be included in the consolidated statement of comprehensive income of the Group. It is expected that the Group's revenue and profit from property development and trading for the year ending 31 December 2015 will record a sizable decrease when compared to those of the year ended 31 December 2014;
- (iv) as disclosed in the 2015 interim report of the Company, on 7 August 2015, an associate of the Group (50% interest) entered into a sale and purchase agreement in relation to disposal of a company that ultimately held the office building namely Platinum located at Shanghai, the PRC. Following completion of the disposal, it is expected that the share of results of associate will be decreased for the year ending 31 December 2015; and
- (v) the payment of special interim dividends of HK\$4,959.8 million and HK\$2,289.1 million on 15 July 2015 and 14 September 2015 respectively had reduced the net assets of the Group when compared to that as at 31 December 2014.

#### **4. WORKING CAPITAL**

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

#### **5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

At present, the local economy is undergoing certain kind of micro adjustment, with the stabilization of rental property market in light of the coming potential increase of interest rate and signs of retail rental reaching the top. Meanwhile, the global economy is resuming momentum moderately with the gradual economic recovery of the United States. Nevertheless, the loose monetary measures are expected to be continued by various economic giants in light of the recent European and Asian economic development like the devaluation of Renminbi and there still has the pressure of keeping the interest rate low from the macro-global point of view in the near future.

The Group's local retail investment properties leased well. The Group will closely monitor the changes in local consumption patterns, boost customer flow and spending for its remaining retail investment properties by organizing various marketing and promotional activities.

So far, the local prime located office properties of the Group including Windsor House in Causeway Bay and various floors at Harcourt House in Wanchai maintained high occupancy rate. It is expected that the Group's local office properties will continue to lease well. As at the Latest Practicable Date, the Group's principal properties in the PRC include Evergo Tower in Shanghai, Lowu Commercial Plaza in Shenzhen, Oriental Place in Beijing (50% interest) and Hilton Beijing (50% interest).

The Group will consider realizing other property interests in the PRC if good opportunity arises, at the same time, the Group will continue monitoring the property markets of Hong Kong, Mainland China and overseas closely, and will replenish its land bank and expand its investment property portfolio at opportune times.

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## APPENDIX II      PROPERTY VALUATION REPORT ON THE PROPERTIES

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*The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Vigers Appraisal And Consulting Limited, an independent property valuer, in connection with their valuation of market value of the Properties as at 12 November 2015.*

### **Vigers Appraisal And Consulting Limited**

*International Asset Appraisal Consultants*

10th Floor, The Grande Building

398 Kwun Tong Road

Kowloon

Hong Kong



3 December 2015

### **The Directors**

Chinese Estates Holdings Limited

26th Floor, MassMutual Tower

No. 38 Gloucester Road

Wanchai

Hong Kong

Dear Sirs,

### **Re: VALUATION OF PROPERTY –**

**MassMutual Tower, No. 25 Jaffe Road and No. 38 Gloucester Road, Wanchai, Hong Kong**

In accordance with your instructions for us to value the captioned property interest in the property known as “MassMutual Tower” (hereinafter referred to as the “**Property**”) owned by Chinese Estates Holdings Limited and/or its subsidiaries (together referred to as “**the Group**”), we confirm that we have inspected the Property, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 12 November 2015 (“**the date of valuation**”).

Our valuation is our opinion of market value of the 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.”

Our valuation has been made on the assumption that the owner sold the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which might serve to affect the value of the Property.

In valuing the Property held for investment by the Group, we have adopted the investment approach as well as the comparison approach. By investment approach, the rent receivable from the existing tenancies will be capitalized and the potential reversionary market rent of the property interest taking into account the market rental comparables in the open market will be capitalized.

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## APPENDIX II PROPERTY VALUATION REPORT ON THE PROPERTIES

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We have conducted land searches at the Land Registry but we have not scrutinised the original documents to ascertain ownership nor to verify any lease amendments which might not appear on the copies handed to us. In any events, we reserve the right to revise our valuations should there disclose any information which is in contravention to the information provided to us.

We have relied on considerable extent on the information provided by the Group and have accepted advice given to us on such matters as tenure, areas, occupation, tenancies, statutory notice, easements and all other relevant matters. All documents have been used as reference purposes only. All dimensions, measurements and areas are approximate.

The Property was inspected by Mr. Gilbert K. M. Yuen, MHKIS MRICS RPS(GP) of Vigers Appraisal And Consulting Limited on 10 November 2015, to the extent for the purpose of this valuation. However, we have not carried out any structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible to us. We are therefore unable to report whether the Property is free from any structural or non-structural defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash or any other deleterious material has been used in the construction of the Property and we are therefore unable to report that the Property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property or any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, we have assumed that the Property is free from any encumbrances, restrictions and outgoings of an onerous nature which could serve to affect the value of the Property.

As advised by the Group, the Property which is held for investment would be subject to profit tax of 16.5% of net profit upon disposal, save for deduction of any profit which is capital in nature.

Our valuation has been prepared in accordance with “The HKIS Valuation Standards (2012 Edition)” published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

We enclose herewith the valuation certificate.

Yours faithfully,  
For and on behalf of  
**VIGERS APPRAISAL AND CONSULTING LIMITED**  
**Gilbert K. M. Yuen**  
*MHKIS MRICS RPS(GP)*  
*Executive Director*

*Note:* Mr. Gilbert K. M. Yuen is a Registered Professional Surveyor in General Practice Division with about 25 years' post qualification valuation experience on properties in Hong Kong.

## VALUATION CERTIFICATE

## Property held in Hong Kong for investment by the Group

Property	Description and Tenure	Particulars of Occupancy	Market Value in its existing state as at 12 November 2015
<p>MassMutual Tower, No. 25 Jaffe Road and No. 38 Gloucester Road, Wanchai, Hong Kong</p> <p>The Property is registered being as Inland Lot No. 3287 and Inland Lot No. 6936.</p>	<p>The Property, MassMutual Tower is erected on a corner site with site area of 2,138.8 sq.m. and has frontages onto Gloucester Road, Arsenal Street and Jaffe Road.</p> <p>The Property was first built in 1985 with a 27-storey (including a basement carpark) building which comprised a mixture of office building and the former Hong Kong Fleet Club.</p> <p>With conversion, alternation and addition approved in 1994 by the Building Authority, the Property has become a 28-storey (including a basement carpark) commercial building with some shops on the Ground Floor and offices on the upper floors.</p> <p>The Property now has a total gross floor area on actual plot ratio of 32,090.923 sq.m.</p> <p>The Property is held under two Government Leases of Inland Lot No. 3287 and Inland Lot No.6936 respectively. The former is held for a term of 999 years from 25 June 1863 and the latter for a term of 75 years renewable for further 75 years from 25 January 1954.</p> <p>The government rents for Inland Lot No. 3287 and Inland Lot No. 6936 are HK\$408 and HK\$376 per annum respectively.</p>	<p>As provided by the Group as at 12 November 2015 the Property has been fully leased to various tenants under various tenancies with the latest expiry on 8 November 2018. The total monthly rental income is HK\$14,155,174.6 exclusive of rates and management fees. In addition, there are incomes from the leasing of wet sinks, carparks to various tenants, and other license incomes including storeroom, signage and telecommunication. The total monthly licence fees for wet sinks and carparks are HK\$34,201 and HK\$226,400 respectively, whilst the total monthly licence incomes for storeroom, signage and telecommunication is HK\$662,102.</p>	<p>HK\$11,200,000,000</p>

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## APPENDIX II      PROPERTY VALUATION REPORT ON THE PROPERTIES

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*Notes:*

1. The registered owner is Pioneer Time Investment Limited, a wholly owned subsidiary of the Group.
2. The Property is subject to a Mortgage in favour of Bank of Communications Co., Ltd. vide Memorial No. 13080102110150 dated 8 July 2013.
3. The Property is zoned "Commercial" under Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012.
4. The market value of the Property is HK\$11,200,000,000, of which HK\$2,542,400,000 is attributable to Room 601 to 603 on 6th Floor, the whole of 1st Floor, 2nd Floor, 3rd Floor, 5th Floor, and 26th Floor of the Property having a total area of 7,682.46 sq.m. (82,694 sq.ft.) leased by the Group and HK\$8,657,600,000 is attributable to the remaining portions of the 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. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executive of the Company

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

#### *Long Positions*

#### *The Company*

<b>Name of Director</b>	<b>Number of Shares Held</b>	<i>Note</i>	<b>Capacity</b>	<b>Percentage of Issued Share Capital</b>
Lau, Ming-wai	1,430,700,768	*	Beneficiary of trust	74.99%

#### *Note:*

- \* These Shares were indirectly owned by a discretionary trust of which Mr. Lau, Ming-wai was an eligible beneficiary of that trust.

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



section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Interests of substantial Shareholders**

So far as was known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, persons other than a Director or chief executive of the Company who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or held any option in respect of such capital were as follows:

*Long Positions*

Name of Substantial Shareholders	Number of Shares Held	Notes	Capacity	Percentage of Issued Share Capital
Mr. Joseph Lau, Luen-hung (“ <b>Mr. J. Lau</b> ”)	1,430,700,768	^	Founder and beneficiary of trust and interest of children under 18	74.99%
Alto Trust Limited	1,430,700,768	#	Trustee and interest in controlled corporation	74.99%
Solar Bright Ltd.	1,430,700,768	#	Beneficiary of a trust and interest in controlled corporation	74.99%
Global King (PTC) Ltd. (“ <b>Global King</b> ”)	1,199,715,948	#	Trustee	62.89%
Joseph Lau Luen Hung Investments Limited (“ <b>JLLHIL</b> ”)	230,984,820	#	Beneficial owner	12.10%

*Notes:*

^ These Shares were indirectly owned by a discretionary trust of which Mr. J. Lau was the founder. Mr. J. Lau and his certain other family members were eligible beneficiaries of that trust.

# Alto Trust Limited as trustee of a discretionary trust held the entire issued share capital of Solar Bright Ltd. and therefore was regarded as interested in the same parcel of shares held by Solar Bright Ltd.. Solar Bright Ltd. held the entire issued share capital of Global King and all issued units in a unit trust of which Global King was the trustee and therefore was regarded as interested in the same parcel of

shares held by Global King as trustee of the unit trust. Solar Bright Ltd. also held the entire issued share capital of JLLHIL and therefore was also regarded as interested in the same parcel of shares held by JLLHIL. As such, the 1,430,700,768 Shares in which Solar Bright Ltd. was deemed to be interested represented the aggregate of the 1,199,715,948 Shares and 230,984,820 Shares held by Global King and JLLHIL respectively, which was referred to in the interests of Mr. Lau, Ming-wai as disclosed under “Interests of Directors and chief executive of the Company”.

Save as disclosed above, so far as was known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, no persons other than a Director or chief executive of the Company had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or held any option in respect of such capital.

Save as disclosed above, none of the Directors was a director or an employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. MATERIAL LITIGATION

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

#### **Chenghai Royal Garden, Shantou, the PRC**

In relation to certain property interests located in Chenghai Royal Garden, Shantou, the PRC, the Group, for the purpose of property development, entered into a contract for Pre-registration of Grant of State-owned Land Use Right (the “**Contract**”) with the district bureau of Chenghai dated 5 August 1992, and had made certain down payment. However, the Group subsequently determined not to proceed with the land requisition and requested for refund.

In April 2005, the Group commenced legal proceedings at the Shantou City Intermediate People’s Court (the “**Intermediate Court**”) to terminate the Contract with the Shantou City Planning and State-owned Land Resources Bureau (the “**Chenghai Bureau**”). In view of the uncertainty in the recoverability of the amount claimed and any other entitlements under the Contract, the Group had made a full provision for an impairment loss of HK\$71,118,000 during 2004.

On 28 December 2006, the Intermediate Court made a judgment in favour of the Group.

After having gone through a series of appeals to the High People’s Court of Guangdong Province (the “**High Court**”) and the Supreme People’s Court, the case was remitted to the Intermediate Court for rehearing. On 5 December 2012, the Intermediate Court delivered a judgment in favour of the Group and upheld the majority claims of the Group. Chenghai Bureau submitted an

application for appeal to the High Court on 26 December 2012 against the said judgment. On 4 January 2013, the Group also submitted an application for appeal to the High Court in respect of those remaining minority claims of the Group that were not upheld by the Intermediate Court.

On 8 May 2013, the High Court held a case hearing. On 3 December 2013, the High Court delivered the judgment which upheld the ruling of the Intermediate Court and dismissed the appeals of both parties. On 31 March 2014, the Group submitted an application for the enforcement of the judgment to the Intermediate Court and the application was accepted by the Intermediate Court on 1 April 2014. On 21 April 2014, the Intermediate Court issued a court order to freeze Chenghai Bureau's bank deposit of RMB4,000,000. On 9 February 2015, the Group received RMB3,000,000 as partial satisfaction of the enforcement. Up to the Latest Practicable Date, the enforcement of the judgment is still in progress.

#### **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 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 contracts, not being contracts entered into in the ordinary course of business, have been entered by the Company and/or members of the Group and are or may be material:-

- (a) the sale and purchase agreement dated 1 September 2014 entered into between Data Dynasty Limited (an indirect wholly-owned subsidiary of the Company), the Company, One Midland Limited (wholly-owned by Mr. J. Lau indirectly) and Mr. J. Lau relating to the sale of the entire issued share capital of Value Eight Limited as disclosed in the announcement of the Company dated 2 September 2014. Completion of such agreement took place on 31 October 2014 and the final consideration was HK\$4,876,161,695.30 as disclosed in the announcement of the Company dated 31 October 2014;
- (b) the sale and purchase agreement dated 1 September 2014 entered into between Super Series Limited (an indirect wholly-owned subsidiary of the Company), the Company, Fly High Target Limited (wholly-owned by Mr. J. Lau indirectly) and Mr. J. Lau relating to the sale of the entire issued share capital of Brass Ring Limited as disclosed in the announcement of the Company dated 2 September 2014. Completion of such agreement took place on 13 January 2015 and the final consideration was HK\$7,650,826,158.25 as disclosed in the announcement of the Company dated 13 January 2015;
- (c) the sale and purchase agreement dated 1 September 2014 entered into between Super Series Limited (an indirect wholly-owned subsidiary of the Company), the Company, Fly High Target Limited (wholly-owned by Mr. J. Lau indirectly) and Mr. J. Lau relating to the sale of the entire issued share capital of Union Leader Limited as disclosed in the announcement of the

Company dated 2 September 2014. Completion of such agreement took place on 13 January 2015 and the final consideration was HK\$5,200,506.87 as disclosed in the announcement of the Company dated 13 January 2015;

- (d) the sale and purchase agreement dated 1 September 2014 entered into between Chinese Estates, Limited (a direct wholly-owned subsidiary of the Company), the Company, Coast Field Ltd. (wholly-owned by Mr. J. Lau indirectly) and Mr. J. Lau relating to the sale of the entire issued share capital of Chinese Estates and Finance, Limited (now known as Silvercord Finance Limited) as disclosed in the announcement of the Company dated 2 September 2014. Completion of such agreement took place on 13 January 2015 and the final consideration was HK\$121,932.58 as disclosed in the announcement of the Company dated 13 January 2015;
- (e) the sale and purchase agreement dated 12 December 2014 entered into between Rich Lucky Limited (an indirect wholly-owned subsidiary of the Company), the Company, Market Victory Limited (wholly-owned by Mr. J. Lau indirectly) and Mr. J. Lau relating to the sale of the entire issued share capital of Asian East Limited as disclosed in the announcement of the Company dated 12 December 2014. Completion of such agreement took place on 15 July 2015 and the final consideration was HK\$5,020,555,522.58 as disclosed in the announcement of the Company dated 13 August 2015;
- (f) the equity and debt transfer agreement dated 14 July 2015 entered into between Evergo Holdings (China) Company Limited (an indirect wholly-owned subsidiary of the Company) and the Purchaser relating to the sale of the equity in Lucky Benefit Limited and Rising Sheen Limited and all interests in the debts receivable at a consideration of HK\$6,500,000,000 as disclosed in the announcement of the Company dated 14 July 2015;
- (g) the equity and debt receivable transfer agreement dated 19 October 2015 entered into between Evergo Holdings (China) Company Limited (an indirect wholly-owned subsidiary of the Company) and the Purchaser relating to the sale of the entire issued share capital of Million Castle Investments Limited together with all the interests in the shareholder's loan owing by Million Castle Investments Limited to Evergo Holdings (China) Company Limited at an aggregate consideration of HK\$1,750,000,000 as disclosed in the announcement of the Company dated 19 October 2015; and
- (h) the Disposal Agreement.

## 6. INTEREST IN ASSETS OR CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which contract or arrangement was subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

#### 7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, Mr. Lam, Kwong-wai is a non-executive director of LT Commercial Real Estate Limited ("LT") (a company whose shares are listed on the Stock Exchange). LT is engaged in the businesses of securities investment and financing, property investment and property development. As such, Mr. Lam, Kwong-wai was regarded as being interested in such business which competed or were likely to compete with the Group.

As at the Latest Practicable Date, Mr. Lau, Ming-wai had personal interests in private companies engaged in property investment businesses and securities investment businesses. As such, he was regarded as being interested in such businesses which competed or might compete with the Group. However, when compared with the dominance and size of operations of the Group, such competing businesses were considered immaterial.

#### 8. MISCELLANEOUS

- (a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business in Hong Kong is at 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, 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 Mr. Lam, Kwong-wai, who is a Certified Public Accountant (Practising).
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

#### 9. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Vigers Appraisal And Consulting Limited	An independent professional property valuer

As at the Latest Practicable Date, the above expert:–

- (a) did not have any shareholding, directly or indirectly, 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;
- (b) did not have any direct or indirect interest in any assets which had 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 since 31 December 2014, being the date up to which the latest published audited financial statements of the Group were made; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name, letter and/or report in the form and context in which they respectively appear.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of the Company in Hong Kong at 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong during normal business hours on any weekdays (except public holidays) from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2012, 2013 and 2014 and the interim report of the Company for the six months ended 30 June 2015;
- (c) the material contracts as referred to in the paragraph headed “Material Contracts” in this appendix;
- (d) the property valuation report from Vigers Appraisal And Consulting Limited in respect of the valuation of the Properties, the text of which is set out in Appendix II to this circular;
- (e) the written consent of the expert referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix;
- (f) the circular of the Company dated 7 January 2015 in respect of a major and connected transaction in relation to the disposal of a subsidiary; and
- (g) this circular.