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

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF NEW NOTES

THE SUBSCRIPTION

The Board is pleased to announce that on 26 November 2020, the Subscriber (being an indirect wholly-owned subsidiary of the Company), the Issuer, the Initial Subsidiary Guarantors and the Placing Agent entered into the Placement and Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the New Notes on a private placement basis in the principal amount of US\$100,000,000 (equivalent to HK\$775,230,000) at the issue price of 98.966% of the principal amount of the New Notes, plus accrued interest from (and including) 23 November 2020 to (but excluding) the Closing Date which is expected to fall on 27 November 2020.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription exceed(s) 5% but is less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE PLACEMENT AND SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 26 November 2020, the Subscriber (being an indirect wholly-owned subsidiary of the Company), the Issuer, the Initial Subsidiary Guarantors and the Placing Agent entered into the Placement and Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the New Notes on a private placement basis in the principal amount of US\$100,000,000 (equivalent to HK\$775,230,000) at the issue price of 98.966% of the principal amount of the New Notes, plus accrued interest from (and including) 23 November 2020 to (but excluding) the Closing Date which is expected to fall on 27 November 2020. A summary of the principal terms of the Placement and Subscription Agreement and the subject New Notes is set out below.

The principal terms of the Placement and Subscription Agreement are set out below:-

Date

26 November 2020

Parties

- (a) Zhongliang Holdings, as the Issuer;
- (b) Heng Rong, as an Initial Subsidiary Guarantor;
- (c) Zhongliang Hongkong, as an Initial Subsidiary Guarantor;
- (d) Zhongliang International, as an Initial Subsidiary Guarantor;
- (e) Ample Sino, as an Initial Subsidiary Guarantor;
- (f) UBS HK, as the Placing Agent; and
- (g) Chase Master, as the Subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) each of the Initial Subsidiary Guarantors is an existing subsidiary of the Issuer; and (ii) each of the Issuer, the Initial Subsidiary Guarantors, the Placing Agent and their respective ultimate beneficial owners is an Independent Third Party. The Subscriber is an indirect wholly-owned subsidiary of the Company.

Subject matter

Pursuant to the Placement and Subscription Agreement, the Issuer has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe, the New Notes in the principal amount of US\$100,000,000 (equivalent to HK\$775,230,000) at the issue price of 98.966% of the principal amount of the New Notes, plus accrued interest from (and including) 23 November 2020 to (but excluding) the Closing Date. Accordingly, the total consideration payable by the Subscriber for the Subscription is US\$99,064,611.11 (equivalent to approximately HK\$767,979,000), comprising US\$98,966,000 (equivalent to approximately HK\$767,214,000) representing 98.966% of the principal amount of the New Notes, plus accrued interest of US\$98,611.11 (equivalent to approximately HK\$765,000).

The New Notes constitute Additional Notes under the Indenture, and are to be consolidated and form a single series with the Original Notes.

Conditions precedent

The obligations of the Placing Agent and the Subscriber to place and subscribe for the New Notes are subject to and conditional upon, among other things:-

- (a) the representations and warranties of the Issuer and the Initial Subsidiary Guarantors contained in the Placement and Subscription Agreement shall be true and correct as of the date of the Placement and Subscription Agreement and on and as of the Closing Date;
- (b) the SGX-ST shall have issued, on or prior to the Closing Date, the letter of approval-in-principle for the listing of the New Notes on the SGX-ST;
- (c) subsequent to the execution and delivery of the Placement and Subscription Agreement, no material adverse change as set out in the Placement and Subscription Agreement in the reasonable judgment of the Placing Agent has occurred;
- (d) immediately after the consummation of any or all of the Concurrent Transactions and the placement and subscription under the Placement and Subscription Agreement on the Closing Date, the aggregate principal amount of the Concurrent Issue and the New Notes shall be no less than US\$150,000,000;
- (e) each of the Issuer and the Initial Subsidiary Guarantors shall have provided to the Placing Agent and the Subscriber, board resolutions or shareholders' resolutions, if applicable, approving, among other things, the issuance of the New Notes by the Issuer or the relevant Subsidiary Guarantee by the relevant Initial Subsidiary Guarantor (as the case may be) and the execution by the Issuer or such Initial Subsidiary Guarantor (as the case may be) of the Transaction Documents to which it is a party;
- (f) the Indenture, the New Notes and the Subsidiary Guarantees shall have been duly executed and delivered and shall be in full force and effect, and true and complete copies thereof shall have been delivered to the Placing Agent and the Subscriber; and
- (g) the Issuer and the Initial Subsidiary Guarantors shall have provided the Placing Agent and the Subscriber with such other certificates, letters and documents relating to the transactions contemplated hereby as the Placing Agent and the Subscriber may reasonably request.

If any of the conditions to the Subscription have not been fulfilled when and as required under the Placement and Subscription Agreement (unless waived), all obligations of the Placing Agent and the Subscriber under the Placement and Subscription Agreement may be cancelled by the Placing Agent and the Subscriber (jointly or severally) at, or at any time prior to, the Closing Date by notice in writing to the Issuer.

Termination

Apart from in the event of non-fulfilment of any of the conditions to the Subscription set out above, the Placement and Subscription Agreement may be terminated by the Placing Agent by notice to the other parties if, prior to the Closing Date, any of the following events occurs: (a) trading generally is suspended or materially limited on (among others) the Stock Exchange; (b) trading of any securities of the Issuer is suspended on any exchange or in any over-the-counter market; (c) there occurs a material disruption in securities settlement, payment or clearance services in (among others) Hong

Kong or Singapore; (d) any moratorium on commercial banking activities have been declared by (among others) Hong Kong or Singapore authorities; or (e) there occurs any outbreak or escalation of hostilities or any material adverse change as set out in the Placement and Subscription Agreement which makes it impracticable or inadvisable to proceed with the Subscription.

The Placement and Subscription Agreement may be terminated by the Issuer and the Subsidiary Guarantors by notice to the other parties if immediately after the consummation of any or all of the Concurrent Transactions and the Subscription, the aggregate principal amount of the Concurrent Issue and the New Notes would be less than US\$150,000,000.

Completion

Completion of the Subscription shall take place on the Closing Date.

THE NOTES

The New Notes constitute Additional Notes under the Indenture and are identical in all respects with the Original Notes other than with respect to the issue date and issue price. The principal terms and conditions of the Notes as set forth in the Transaction Documents are summarised as follows:-

Issuer	: Zhongliang Holdings Group Company Limited
New Notes	: US\$100,000,000 8.875% senior notes due 2021 (to be consolidated and form a single series with the Original Notes).
Issue Price of the New Notes (inclusive of accrued interest)	: 98.966% of the principal amount of the New Notes, plus accrued interest from (and including) 23 November 2020 to (but excluding) the Closing Date.
Interest	: 8.875% per annum (from and including 23 November 2020) payable in arrears on 23 May 2021 and 22 November 2021.
Maturity Date	: 22 November 2021
Ranking of the Notes	: The Notes are (a) general obligations of the Issuer, guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (b) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; (c) at least <i>pari passu</i> in right of payment with the Existing Notes and all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsecured and unsubordinated indebtedness pursuant to applicable law); (d) effectively subordinated to the secured obligations (if any) of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (e) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined in the Indenture).

Redemption

: Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to (but not including) the date fixed by the Issuer for redemption if the Issuer or any Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of any changes in applicable tax laws, regulations or rules or the application or interpretation of such laws, regulations or rules as more particularly set out in the Indenture.

Optional Redemption

- (a) At any time prior to 22 November 2021, the Issuer may, at its option, redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined in the Indenture) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (b) At any time prior to 22 November 2021, the Issuer may, at its option, redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Issuer in an equity offering at a redemption price of 108.875% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date (including the aggregate principal amount of any Additional Notes on the date on which such Additional Notes were issued) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Repurchase of Notes upon a Change of Control

: Upon the occurrence of a change of control of the Issuer as specified in the Indenture, the Issuer shall within 30 days make an offer to purchase all the outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest (if any) to (but not including) the date of such purchase.

Events of Default

: The Notes contains customary events of default provisions including default in the payment of principal of (or premium (if any) on) the Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default. If an event of default occurs and is continuing, the trustee under the Indenture or the holders

of at least 25% of the outstanding Notes may declare the principal of the Notes plus a premium (if any) and any accrued and unpaid interest to be immediately due and payable (other than an event of default due to insolvency of the Issuer or certain of its subsidiaries whereupon the principal of the Notes, premium (if any) and any accrued and unpaid interest shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee under the Indenture or any holder of the Notes).

Listing : The Issuer has applied for the listing and quotation of the Notes on the SGX-ST.

INFORMATION ON THE COMPANY AND THE ISSUER

The Company is a company incorporated in Bermuda with limited liability and, together with its subsidiaries, are principally engaged in property investment and development, brokerage, securities investment, money lending, and cosmetics distribution and trading.

To the best of the Directors' knowledge and information, the Issuer is an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. The Issuer together with its subsidiaries are principally engaged in property development, property leasing, and management consulting services.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company intends to acquire the New Notes for investment purpose and the Board considers that the Subscription will provide the Group with an opportunity to enhance investment income during the prevailing low-interest environment. The issue price for subscription of the New Notes and the interest rate of the New Notes were determined after arm's length negotiations between the Subscriber and the Issuer with reference to the prevailing market price of debt instruments. The Group intends to fund the Subscription by its internal resources and/or borrowings.

In view of the above, the Directors consider that the terms of the Placement and Subscription Agreement and the New Notes are fair and reasonable and are on normal commercial terms and the Subscription is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription exceed(s) 5% but is less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Additional Notes”	any additional notes having the same terms and conditions as the Notes described in the Indenture in all respects (or in all respects except for certain terms as set out in the Indenture), which may be created and issued by the Issuer from time to time to be consolidated and form a single series with the previously outstanding Notes, which include the New Notes;
“Ample Sino”	Ample Sino Investments Limited (華溢投資有限公司), a company incorporated in the BVI with limited liability;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Closing Date”	27 November 2020 or such other date as shall be agreed among the Issuer, the Placing Agent and the Subscriber;
“Company”	Chinese Estates Holdings Limited (Stock Code: 127), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Concurrent Transactions”	the selling of securities (to be guaranteed by the Initial Subsidiary Guarantors) which shall be consolidated and form a single series with the New Notes (such securities, the “Concurrent Issue”), to other subscribers, the settlement of which is expected to occur substantially simultaneously with the settlement of the New Notes on the Closing Date;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Existing Notes”	(i) the US\$400 million 11.5% senior notes due 2021 issued by the Issuer pursuant to an indenture dated as of 26 September 2019; (ii) the US\$200 million 9.75% senior notes due 2020 issued by the Issuer pursuant to an indenture dated as of 26 November 2019; (iii) the US\$250 million 8.75% senior notes due 2021 issued by the Issuer pursuant to an indenture dated as of 18 February 2020; (iv) the US\$250 million 8.75% senior notes due 2021 issued by the Issuer pursuant to an indenture dated as of 29 June 2020; and (v) the US\$250 million 9.5% senior notes due 2022 issued by the Issuer

pursuant to an indenture dated as of 29 October 2020, as each may be amended, supplemented or modified from time to time;

“Group”	the Company and its subsidiaries;
“Heng Rong”	Heng Rong Co., Limited (恒融國際有限公司), a company incorporated in Hong Kong with limited liability;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Indenture”	the indenture dated 23 November 2020 entered into among the Issuer, the Initial Subsidiary Guarantors as guarantors and China Construction Bank (Asia) Corporation Limited as trustee, that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate and the maturity date of the Notes;
“Independent Third Party”	a person or a company which is a third party independent of the Company and its connected person(s) (as defined under the Listing Rules);
“Initial Subsidiary Guarantor(s)”	collectively Heng Rong, Zhongliang Hongkong, Zhongliang International and Ample Sino, and each an “Initial Subsidiary Guarantor” ;
“Issuer” or “Zhongliang Holdings”	Zhongliang Holdings Group Company Limited (中梁控股集團有限公司) (Stock Code: 2772), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“JV Subsidiary Guarantors”	certain subsidiaries of the Issuer (other than the Subsidiary Guarantors), if any, that in the future guarantees the Issuer’s obligations under the Notes;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Notes”	the US\$100,000,000 8.875% senior notes due 2021 to be consolidated and form a single series with the Original Notes constituted by the Indenture, and to be issued by the Issuer to the Subscriber pursuant to the Placement and Subscription Agreement;

“Notes”	collectively the Original Notes and the Additional Notes (including the New Notes);
“Original Issue Date”	23 November 2020, being the issue date of the Original Notes;
“Original Notes”	the US\$50,000,000 8.875% senior notes due 2021 constituted by the Indenture and issued by the Issuer on 23 November 2020;
“Placement and Subscription Agreement”	the placement and subscription agreement dated 26 November 2020 entered into among the Issuer, the Subscriber, the Initial Subsidiary Guarantors and the Placing Agent in respect of the Subscription;
“Placing Agent” or “UBS HK”	UBS AG Hong Kong Branch. UBS AG is incorporated in Switzerland with limited liability and an Independent Third Party;
“SGX-ST”	the Singapore Exchange Securities Trading Limited;
“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;
“Subscriber” or “Chase Master”	Chase Master Company Limited (翠權有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Subscription”	the proposed subscription of the New Notes by the Subscriber pursuant to the terms and conditions of the Placement and Subscription Agreement;
“Subsidiary Guarantee(s)”	guarantee(s) for the Notes on a senior unsecured basis provided by each of the Subsidiary Guarantors in the Indenture;
“Subsidiary Guarantors”	certain designated subsidiaries of the Issuer which guarantees the Issuer’s obligations under the Notes, being the Initial Subsidiary Guarantors as at the date of the Indenture and the date of the Placing and Subscription Agreement;
“Transaction Documents”	collectively the Placement and Subscription Agreement, the Indenture, the New Notes and the Subsidiary

Guarantees, as each may be amended or supplemented up to the Closing Date;

“US\$”

United States dollar, the lawful currency of the United States;

“Zhongliang Hongkong”

Zhongliang Hongkong Property Investment Group Co., Limited (中梁香港地產投資集團有限公司), a company incorporated in Hong Kong with limited liability;

Zhongliang International”

Zhongliang International Development Company Limited (中梁國際發展有限公司), a company incorporated in the BVI with limited liability; and

“%”

per cent.

For the purpose of this announcement, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1 to HK\$7.7523 for illustration purpose only.

By order of the Board

Lam, Kwong-wai

Executive Director and Company Secretary

Hong Kong, 26 November 2020

As at the date of this announcement, the Board comprised Ms. Chan, Sze-wan, Ms. Chan, Hoi-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.

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