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

ANNOUNCEMENT

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
CONTRACT FOR SERVICES**

CEL, a direct wholly-owned subsidiary of the Company, and Ms. Chan entered into the Contract on 14 August 2020 in respect of the provision of the Services to Ms. Chan and/or the Chan Associates. Subject to the Condition, namely the obtaining of the approval by the Independent Shareholders at the SGM in accordance with the Listing Rules, being fulfilled/satisfied, the term of the Contract will commence on 1 November 2020 for 3 years unless otherwise terminated earlier in accordance with the Contract.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Contract are more than 5% but are all less than 25%, the Contract and the transactions contemplated thereunder constitute discloseable transactions for the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition, Ms. Chan, an executive Director and a trustee of the substantial shareholders of the Company (who are her minor children), indirectly holds an aggregate of approximately 74.99% of the total issued share capital of the Company as at the date of this announcement. Therefore, Ms. Chan is a connected person of the Company. Accordingly, the Contract and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are therefore subject to reporting, announcement, circular, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, further details of the Contract, the respective advice from the Independent Financial Adviser and the Independent Board Committee and the notice of the SGM is expected to be despatched to the Shareholders within 15 business days after the date of this announcement.

The SGM will be convened and held for, among other things, the Independent Shareholders to approve the Contract and the transactions contemplated thereunder (including the Caps, where applicable).

Shareholders and potential investors of the Company should note that the Contract and the transactions contemplated thereunder (including the Caps) are subject to the Condition, namely the obtaining of the approval by the Independent Shareholders at the SGM in accordance with the Listing Rules, being fulfilled/satisfied. Therefore, the Contract and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and, in case of doubt, to seek independent advice from professional or financial advisers.

INTRODUCTION

CEL, a direct wholly-owned subsidiary of the Company, and Ms. Chan entered into the Contract on 14 August 2020 in respect of the provision of the Services to Ms. Chan and/or the Chan Associates.

THE CONTRACT

The principal terms of the Contract are set out below:-

Date of the Contract : 14 August 2020

Commencement Date : 1 November 2020
(subject to the Condition being fulfilled/satisfied)

Parties : CEL
Ms. Chan

Term

Subject to the Condition, namely the obtaining of the approval by the Independent Shareholders at the SGM in accordance with the Listing Rules, being fulfilled/satisfied, the term of the Contract will commence on 1 November 2020 for 3 years unless otherwise terminated earlier as set out under the sub-section headed “Termination” in this announcement.

Services to be provided by CEL Companies

CEL shall provide (or procure the provision of) the following Services to Ms. Chan and/or the Chan Associates on the terms and conditions of the Contract and the standard terms and conditions of the relevant CEL Companies from time to time in force:-

(1) The Leasing Administration Services

CEL shall act or procure any of the other CEL Companies to act on behalf of Ms. Chan and/or the Chan Associates who is/are the owner(s) of the Properties in respect of all

matters relating to leasing of the Properties (including without limitation matters relating to dealing with tenants, rent collection and taking legal actions, but excluding provision of services (a) for any property in respect of which Ms. Chan has from time to time informed CEL that no such services are required and (b) in relation to the referral of potential tenants and the negotiation with existing and/or potential tenants regarding terms of lease of the Properties).

(2) The Sale Administration Services

CEL shall act or procure any of the other CEL Companies to act on behalf of Ms. Chan and/or the Chan Associates who is/are the owner(s) of the Properties in respect of all matters (if so requested by Ms. Chan and accepted by CEL at the absolute and sole discretion of CEL from time to time) relating to sale of the Properties (including without limitation the appointment of and coordination with estate agents for such sale but excluding any sale agency service).

(3) The Property Management Services

CEL shall act or procure any of the other CEL Companies to act on behalf of Ms. Chan and/or the Chan Associates who is/are the owner(s) of the Properties in respect of all matters relating to management, maintenance, operation, servicing and repairs of the Properties (excluding any property in respect of which Ms. Chan has from time to time informed CEL that no such services are required).

(4) The Property Administration Services

CEL shall provide or procure any of the other CEL Companies to provide to Ms. Chan and/or the Chan Associates who is/are the owner(s) of the Properties such other administration services (including without limitation accounting, recruitment, human resources administration works, taxation, marketing and information technology services) for the Properties or any part of them as may be requested by Ms. Chan and accepted by CEL at the absolute and sole discretion of CEL from time to time.

(5) The Asset Management and Maintenance Services

CEL shall provide or procure any of the other CEL Companies to provide to Ms. Chan and/or the Chan Associates with property, household and other management and maintenance services in relation to the Assets as requested by Ms. Chan and accepted by CEL at the absolute and sole discretion of CEL from time to time.

(6) The Rental Services

CEL shall provide or procure any of the other CEL Companies to provide to Ms. Chan and/or the Chan Associates the rental of motor vehicles, car plates, vessels, car parking spaces, premises and such other rental services as requested by Ms. Chan and accepted by CEL at the absolute and sole discretion of CEL from time to time.

(7) The Advisory and Consultancy Services

CEL shall provide or procure any of the other CEL Companies to provide to Ms. Chan and/or the Chan Associates with general advisory, consultancy, administration, liaison, personnel support services and such other services (including without limitation accounting and taxation services) ancillary and/or incidental thereto as may be requested by Ms. Chan and accepted by CEL at the absolute and sole discretion of CEL from time to time.

(8) The Other Ordinary Services

CEL shall provide or procure any of the other CEL Companies to provide to Ms. Chan and/or the Chan Associates with such services (including without limitation securities and other financial services) which are being provided by any CEL Company in its ordinary and usual course of business, as may be requested by Ms. Chan and accepted by CEL at the absolute and sole discretion of CEL from time to time.

Exclusion from the Services

CEL shall have the right to determine at any time in its absolute discretion (a) whether to provide or continue to provide or suspend any services (which would otherwise fall within the scope of the Services) and (b) on what terms, within what scope and to what extent such services will be provided, to the extent that such services are:-

- (i) services which in the sole opinion of CEL will be unduly burdensome or will otherwise cause significant interruption or inconvenience to the business of the Group; or
- (ii) services in the sole opinion of CEL as and when the aggregate Service Charges payable by Ms. Chan and/or the Chan Associates exceeds or may exceed the Cap for the respective period or financial year as approved by the Independent Shareholders and announced by the Company from time to time.

The Service Charges

In respect of all of the Services (other than the Property Management Services, the Rental Services and the Other Ordinary Services)

Ms. Chan shall pay (or procure payment) to CEL (or any of the other CEL Companies as CEL may direct) charges calculated at such hourly charge-out rates (being cost plus the Margin) as may be specified by CEL from time to time in relation to the time spent by the staff and/or representatives of the CEL Companies in providing such services. Such hourly charge-out rates (inclusive of the Margin) are subject to revision or adjustment by CEL in its sole and absolute discretion, including without limitation addition or reduction of staff and adjustment of hourly charge-out rates, from time to time.

In respect of the Property Management Services

- (A) For the provision of the Property Management Services in relation to the Southorn Centre Properties, the Silvercord Properties, The ONE Properties, the Windsor House Properties

and the Josephine Court Properties, Ms. Chan shall pay (or procure payment) to CEL (or any of the other CEL Companies as CEL may direct) the aggregate of the following charges:-

- (i) monthly/annual charges calculated at 15% of the aggregate of (1) the total expenses, costs and charges necessarily and reasonably incurred in the management of such properties for the relevant period/year (including without limitation site staff costs, but excluding certain specified costs); and (2) the total amount of charges calculated at the hourly charge-out rates (being at cost) provided under (A)(ii) below; and
 - (ii) monthly/annual charges calculated at such hourly charge-out rates (being at cost) as may be specified by CEL from time to time in relation to the time spent by the staff and/or representatives of the CEL Companies (excluding any site staff of such properties) in providing such services. Such hourly charge-out rates (being at cost) are subject to revision or adjustment by CEL in its sole and absolute discretion, including without limitation addition or reduction of staff and adjustment of hourly charge-out rates, from time to time.
- (B) The charges for the provision of the Property Management Services in relation to the Excelsior Properties payable by Ms. Chan (or such persons procured by Ms. Chan) to CEL (or any of the other CEL Companies as CEL may direct) are calculated in the following manner:-
- (i) in respect of any Relevant Property Management Services, the Relevant Property Management Services shall be charged and paid by the respective owner(s) of the Excelsior Properties in accordance with the terms of the Sub-DMC to the intent that notwithstanding that the Relevant Property Management Services shall be deemed to form part of the Property Management Services provided under the Contract, no additional charge for the Relevant Property Management Services shall be charged against Ms. Chan (or the respective owner(s) of the Excelsior Properties) under the Contract apart from those charged under the Sub-DMC;
 - (ii) for the Laforet Properties, subject to (B)(i) above, the charges for such services shall be the aggregate of:-
 - (1) monthly/annual charges calculated at 15% of the aggregate of (aa) the total expenses, costs and charges necessarily and reasonably incurred in the management of the Laforet Properties for the relevant period/year (including without limitation site staff costs) and (bb) the total amount of charges calculated at the hourly charge-out rates (being at cost) provided under (B)(ii)(2) below; and
 - (2) monthly/annual charges calculated at such hourly charge-out rates (being at cost) as may be specified by CEL from time to time in relation to the time spent by the staff and/or representatives of the CEL Companies (excluding any site staff of the Laforet Properties) in providing such services (for avoidance of doubt, excluding the Relevant Property Management Services). Such hourly charge-out rates (being at cost) are subject to revision or adjustment by CEL in its sole and absolute discretion, including without limitation addition or reduction of staff and adjustment of hourly charge-out rates, from time to time;

- (iii) for the Excelsior Street Shops, subject to (B)(i) above, the charges for such services shall be calculated at such hourly charge-out rates (being cost plus the Margin) as may be specified by CEL from time to time in relation to the time spent by the staff and/or representatives of the CEL Companies in providing such services (for avoidance of doubt, excluding the Relevant Property Management Services). Such hourly charge-out rates (inclusive of the Margin) are subject to revision or adjustment by CEL in its sole and absolute discretion, including without limitation addition or reduction of staff and adjustment of hourly charge-out rates, from time to time.
- (C) In consideration of the provision of the Property Management Services in relation to the York Place Properties, Ms. Chan shall pay (or procure payment) to CEL (or any of the other CEL Companies as CEL may direct) charges calculated at such hourly charge-out rates (being cost plus the Margin) as may be specified by CEL from time to time in relation to the time spent by the staff and/or representatives of the CEL Companies in providing such services. Such hourly charge-out rates (inclusive of the Margin) are subject to revision or adjustment by CEL in its sole and absolute discretion, including without limitation addition or reduction of staff and adjustment of hourly charge-out rates, from time to time.
- (D) In consideration of the provision of the Property Management Services in relation to the Properties other than those mentioned in (A) to (C) above (if any), Ms. Chan shall pay (or procure payment) to CEL (or any of the other CEL Companies as CEL may direct) charges for such Property Management Services in the same manner as set out in any of (A), (B) or (C) above as agreed between Ms. Chan and CEL.

In respect of the Rental Services

Ms. Chan shall pay (or procure payment) to CEL (or any of the other CEL Companies as CEL may direct) charges calculated based on the estimated market rental of the relevant Rental Services from time to time plus the Margin. The said estimated market rental and the Margin are subject to revision or adjustment by CEL in its sole and absolute discretion from time to time.

In respect of the Other Ordinary Services

Ms. Chan shall pay (or procure payment) to CEL (or any of the other CEL Companies as CEL may direct) charges as may be specified by CEL in its sole and absolute discretion from time to time calculated at a standardised rate or a rate no less favourable than the charges charged to independent third parties in the ordinary and usual course of business for the provision of similar services of comparable type and transaction amounts.

In addition to the payment of the Service Charges above, Ms. Chan shall also bear and reimburse (or procure reimbursement to) CEL (or any of the other CEL Companies as CEL may direct) for all costs and expenses incurred by the CEL Companies for the provision of the Services.

Termination

If the Condition has not been fulfilled/satisfied on or before 31 October 2020 (inclusive of that day), the Contract shall be automatically terminated.

After the Contract becomes effective upon the fulfillment/satisfaction of the Condition, the Contract may be terminated (i) by either party by giving a prior written notice to the other party of not less than 3 months (or such shorter period as may be agreed by both parties); (ii) at any time on the ground of bankruptcy or winding-up of either party; or (iii) by a party on a material breach of the Contract by the other party which has not been remedied within 1 month after being notified by the non-defaulting party.

CEL shall also be entitled to terminate the Contract by giving Ms. Chan a written notice of not less than 1 month (or such shorter period as may be agreed by both parties or required by the Stock Exchange) at any time if: (i) the continuing performance by CEL of its obligations thereunder will or is likely to result in a breach or non-compliance of the Listing Rules by the Company; (ii) the Stock Exchange disapproves the transactions contemplated under the Contract; or (iii) the Stock Exchange revokes any waiver or consent (if any) previously granted for the transactions contemplated under the Contract.

Termination in accordance with the above shall be without prejudice to any claim for any antecedent breach, non-observance or non-performance of the terms or conditions in the Contract.

PROPOSED ANNUAL CAPS

Having considered (i) the estimated Service Charges for the Services to be provided under the Contract; and (ii) allowing a reasonable buffer for any upward adjustments on the Service Charges charged by CEL (including due to inflation or otherwise), the Board proposed that the aggregate Service Charges for all the Services under the Contract shall not exceed the Caps for the respective period or financial year below:-

For the period from 1 November 2020 to 31 December 2020	For the financial year ending 2021	For the financial year ending 2022	For the period from 1 January 2023 to 31 October 2023
HK\$9,800,000	HK\$59,400,000	HK\$62,400,000	HK\$54,600,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACT

The Contract will generate income to the Group as the Group will receive the Service Charges with a guaranteed rate of high mark up for profit for the Services (other than the Relevant Property Management Services and the Other Ordinary Services). As regards the Relevant Property Management Services and the Other Ordinary Services, such services will be provided in the ordinary and usual course of business of the Group on terms no less favourable than those offered to independent third parties for similar services. The terms of the Contract (including the basis of the Service Charges and, where applicable, the guaranteed rate of the Margin) are arrived at after arm's length negotiation and with no unusual or onerous obligations on the part of CEL.

In view of the above, the Directors (excluding the independent non-executive Directors whose view will be provided after taking into account the opinion and advice from the Independent Financial Adviser) considered that (i) the Contract is on normal commercial terms and the terms of the Contract and the Caps are fair and reasonable; (ii) the provision of the Services (other than household management and maintenance services under the Asset Management and Maintenance Services, the Property Administration Services, the Rental Services and the Advisory and Consultancy Services) contemplated under the Contract are in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole. Having considered the reasons and benefits in respect of the provision of household management and maintenance services under the Asset Management and Maintenance Services, the Property Administration Services, the Rental Services and the Advisory and Consultancy Services as mentioned above, the Directors (excluding the independent non-executive Directors whose view will be provided after taking into account the opinion and advice from the Independent Financial Adviser) are of the view that, although the provision of such services contemplated under the Contract are not in the ordinary and usual course of business of the Group, the terms of such services are fair and reasonable so far as the Group are concerned and on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL

The Group has adopted the following internal control measures over the continuing connected transactions of the Company under the Contract:-

1. The head of each relevant department of the Group will submit a monthly report on the time spent by the relevant staff in that department in providing the Services and the human resources department of the Group will review and calculate the total amount of the time costs of the relevant staff of the Group based on the applicable hourly charge-out rates stipulated in the Contract. In addition, the head of each relevant department of the Group will also submit monthly/annual report on the usage of the motor vehicles, vessels and car parking spaces etc. and/or the total expenses and costs incurred and calculation of the total Service Charges (as the case may be) for such Services to the finance & accounts department of the Group for their review. The human resources department and the finance & accounts department of the Group will ensure that the Service Charges are charged in accordance with the pricing policies stated in the Contract. Invoice will be issued accordingly with the endorsement of the Group Financial Controller.
2. The finance & accounts department of the Group is primarily responsible to review and monitor the continuing connected transactions under the Contract to ensure that the Cap is not exceeded.
3. The independent non-executive Directors and the Company's external auditors will conduct annual review on the continuing connected transactions contemplated under the Contract to confirm that, among others, such transactions are in accordance with the pricing policies stated in the Contract and have been entered into in accordance with the Contract and in accordance with Rule 14A.55 and Rule 14A.56 of the Listing Rules respectively. They will review the hourly charge-out rates and the Margin annually to ensure that they are fair and reasonable and not less favourable to the Company than those offered to independent third parties.

4. If the amount of the Service Charges payable by Ms. Chan and/or the Chan Associates under the Contract shall exceed the Caps or upon the expiry of the Caps or where the Contract is renewed or if there is a material change to its terms, the Company will re-comply with all applicable requirements under the Listing Rules, including (where required) the obtaining of approval by the Independent Shareholders.

INFORMATION OF THE GROUP

The Group is principally engaged in property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading. CEL is an investment holding company incorporated in Hong Kong with provision of management services to its group companies and a direct wholly-owned subsidiary of the Company.

INFORMATION OF MS. CHAN

Ms. Chan is an executive Director and a trustee of the substantial shareholders of the Company (who are her minor children) who indirectly holds an aggregate of approximately 74.99% of the total issued share capital of the Company as at the date of this announcement. Ms. Chan is the younger sister of Ms. Chan, Sze-wan (an executive Director and the Chief Executive Officer of the Company), the elder sister of Ms. Chan, Lok-wan (an executive Director), the step-mother of Mr. Lau, Ming-wai (a non-executive Director and the Chairman of the Board) and the sister-in-law of Ms. Amy Lau, Yuk-wai (a non-executive Director).

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Contract are more than 5% but are all less than 25%, the Contract and the transactions contemplated thereunder constitute discloseable transactions for the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition, Ms. Chan, an executive Director and a trustee of the substantial shareholders of the Company (who are her minor children), indirectly holds an aggregate of approximately 74.99% of the total issued share capital of the Company as at the date of this announcement. Therefore, Ms. Chan is a connected person of the Company. Accordingly, the Contract and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are therefore subject to reporting, announcement, circular, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

GENERAL

The SGM will be convened and held for, among other things, the Independent Shareholders to approve the Contract and the transactions contemplated thereunder (including the Caps, where applicable). At the SGM, Ms. Chan, her associates and relatives (if they hold any Shares) will abstain from voting on the resolution(s) to be proposed to approve the Contract and the transactions contemplated thereunder to avoid any actual and potential conflict of interest. Any vote exercised by the Independent Shareholders at the SGM shall be taken by poll.

The Independent Board Committee comprising all the independent non-executive Directors has been established to consider the Contract and to advise and make recommendations to the Independent Shareholders as to how to vote at the SGM on the resolution(s) in relation to the Contract. Gram Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same. No member of the Independent Board Committee has any material interest in the Contract and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Contract, the respective advice from the Independent Financial Adviser and the Independent Board Committee and the notice of the SGM is expected to be despatched to the Shareholders within 15 business days after the date of this announcement.

Shareholders and potential investors of the Company should note that the Contract and the transactions contemplated thereunder (including the Caps) are subject to the Condition, namely the obtaining of the approval by the Independent Shareholders at the SGM in accordance with the Listing Rules, being fulfilled/satisfied. Therefore, the Contract and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and, in case of doubt, to seek independent advice from professional or financial advisers.

DEFINITIONS

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

“Advisory and Consultancy Services”	the Advisory and Consultancy Services as specified under the Contract and summarised in the sub-section headed “Services to be provided by CEL Companies” in this announcement;
“Assets”	collectively, properties and related assets (including without limitation the fixtures, fittings, information technology related devices and equipment therein) and such other assets of a nature normally requiring management service, maintenance service or other similar services which are beneficially owned by Ms. Chan and/or the Chan Associates or her related parties;
“Asset Management and Maintenance Services”	the Asset Management and Maintenance Services as specified under the Contract and summarised in the sub-section headed “Services to be provided by CEL Companies” in this announcement;
“associate(s)”	has the meaning ascribed to it in Chapter 14A of the Listing Rules;
“Board”	the board of Directors;
“Cap”	for the purpose of Chapter 14A of the Listing Rules, the maximum amount of the Service Charges payable under the Contract in respect of the provision of the Services for the respective period or financial year as set out in the section headed “Proposed Annual Caps” in this announcement, collectively the “Caps”;
“Chan Associate(s)”	the associate(s) and/or relative(s) of Ms. Chan as may be designated by Ms. Chan and notified to and accepted by CEL as recipient(s) of the relevant Services from time to time;
“CEL”	Chinese Estates, Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;
“CEL Companies”	CEL, its fellow subsidiaries and wholly-owned subsidiaries, and any one of the CEL Companies shall refer to as a “CEL Company”;
“Company”	Chinese Estates Holdings Limited (stock code: 127), a company incorporated in Bermuda with limited liability, the Shares are listed on the main board of the Stock Exchange;

“Condition”	the condition precedent to the commencement of the term of the Contract, namely, the obtaining of the approval by the Independent Shareholders at the SGM in accordance with the Listing Rules;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“Contract”	the contract for services dated 14 August 2020 entered into between CEL and Ms. Chan in respect of the provision of the Services which term, subject to the Condition being fulfilled/satisfied, will commence on 1 November 2020 for 3 years unless otherwise terminated earlier in accordance with the Contract;
“Director(s)”	director(s) of the Company;
“Excelsior Plaza”	the shopping mall at Causeway Bay, Hong Kong comprising: (i) all those parts or portions of the Ground Floor, the First Floor, the Second Floor and main roof of Chee On Building; (ii) all those parts or portions of the Ground Floor, the First Floor, the Second Floor and main roof of Yee On Building; and (iii) Annex Land Building occupying Subsection 2 of Section G of Marine Lot No. 52 and the Extension, Section B of Subsection 1 of Section A of Marine Lot No. 52 and the Extension thereto, Subsection 3 of Section G of Marine Lot No. 52 and the Extension thereto, the Remaining Portion of Inland Lot No. 469 and the Remaining Portion of Section A of Inland Lot No. 470 and Subsection 1 of Section G of Marine Lot No. 52 and the Extension thereto and Section A of Subsection 1 of Section A of Marine Lot No. 52 and the Extension thereto;
“Excelsior Properties”	the Excelsior Street Shops and the Laforet Properties;
“Excelsior Street Shops”	the properties comprising Shop Nos. 1 to 3 and 6 to 12 on Ground Floor and Unit Nos. 6 to 11 on 1st Floor of Yee On Building and Shop Nos. 21, 23 and 24 on Ground Floor of Chee On Building together with the External Walls on Ground Floor, 1st Floor and 2nd Floor and the Main Roof of Yee On Building, Excelsior Plaza, Nos. 24-26 East Point Road, Causeway Bay, Hong Kong;
“Group”	the Company and its subsidiaries;
“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;

“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, namely, Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun, established for the purpose of advising the Independent Shareholders in respect of the Contract and the transactions contemplated thereunder;
“Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Contract and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than Shareholders who have a material interest in the Contract and the transactions contemplated thereunder (including Ms. Chan, her associates and relatives (if they hold any Shares));
“Josephine Court Properties”	the property known as “Josephine Court” situated at No.12 Shiu Fai Terrace, Mid-levels East, Hong Kong;
“Laforet Properties”	the properties comprising:- <ul style="list-style-type: none"> (i) Shop No. 31 on 1st Floor, Shop No. 32 (Part) on Ground Floor, 1st Floor and 2nd Floor, Shop No. 32 (Part) on 2nd Floor, External Walls on Ground Floor, 1st Floor and 2nd Floor, Reserved shares for Naming Right in respect of Ground Floor, 1st Floor and 2nd Floor and Main Roof of Chee On Building, Excelsior Plaza, No. 24 East Point Road, Causeway Bay, Hong Kong; (ii) Reserved Area (Unit G) on 2nd Floor, Shop No. 32 (Part) on 2nd Floor and Reserved shares of and in the Land and Yee On Building forming part of the Excelsior Plaza in respect of Ground Floor, 1st Floor and 2nd Floor of Yee On Building, Excelsior Plaza, No. 26 East Point Road, Causeway Bay, Hong Kong; and (iii) Shop No. 32 (Part) on 2nd Floor, External Walls and 5 Reserved shares of and in the Land and the Annex Land Building forming part of the Excelsior Plaza in respect of Ground Floor, 1st Floor and 2nd Floor, and all that portion of the External Walls (Elevation Behind Escalator) of the Annex Land Building, Excelsior Plaza, Nos. 24-26 East Point Road, Causeway Bay, Hong Kong;

“Leasing Administration Services”	the Leasing Administration Services as specified under the Contract and summarised in the sub-section headed “Services to be provided by CEL Companies” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Margin”	a premium at such rate or of such amount as shall be determined by CEL in its sole and absolute discretion from time to time, which in any event shall be no less than a rate of 30%;
“Ms. Chan”	Ms. Chan, Hoi-wan, an executive Director and a trustee of the substantial shareholders of the Company (who are her minor children);
“Other Ordinary Services”	the Other Ordinary Services as specified under the Contract and summarised in the sub-section headed “Services to be provided by CEL Companies” in this announcement;
“Properties”	such properties as may be specified by Ms. Chan and accepted by CEL from time to time which are beneficially owned by Ms. Chan and/or the Chan Associates;
“Property Administration Services”	the Property Administration Services as specified under the Contract and summarised in the sub-section headed “Services to be provided by CEL Companies” in this announcement;
“Property Management Services”	the Property Management Services as specified under the Contract and summarised in the sub-section headed “Services to be provided by CEL Companies” in this announcement;
“relative(s)”	has the meaning ascribed to it in Chapter 14A of the Listing Rules;
“Relevant Property Management Services”	those services falling within the scope of the Property Management Services which are provided by Perfect World Company Limited (an indirect wholly-owned subsidiary of the Company) as manager of Excelsior Plaza under the Sub-DMC;
“Rental Services”	the Rental Services as specified under the Contract and summarised in the sub-section headed “Services to be provided by CEL Companies” in this announcement;

“Sale Administration Services”	the Sale Administration Services as specified under the Contract and summarised in the sub-section headed “Services to be provided by CEL Companies” in this announcement;
“Services”	collectively (i) the Leasing Administration Services; (ii) the Sale Administration Services; (iii) the Property Management Services; (iv) the Property Administration Services; (v) the Asset Management and Maintenance Services; (vi) the Rental Services; (vii) the Advisory and Consultancy Services; and (viii) the Other Ordinary Services;
“Service Charges”	the charges payable by Ms. Chan and/or the Chan Associates for the Services pursuant to the Contract;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Contract and the transactions contemplated thereunder (including the Caps, where applicable);
“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);
“Silvercord Properties”	the properties comprising shops, restaurant and coffee shop on basement, shops on lower ground floor, shops (excluding shop no. 38) on ground floor, shops (excluding shop no. 39) on 1st floor, shops (excluding shop no. 41) on 2nd floor, the whole 3rd floor and car parking spaces nos. 1, 2, 6, 7, 8, 9, 21, 24, 25, 26, 29, 30, 34 and 35 on basement, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong;
“Southern Centre Properties”	the properties comprising:- <ul style="list-style-type: none"> (i) Shop No. 2 and Shop No. 3 on Ground Floor, Southern Centre, No. 150 Hennessy Road, Hong Kong; (ii) Commercial Accommodation on 1st Floor and 2nd Floor, Southern Centre, No. 130 Hennessy Road, Hong Kong; and

- (iii) Staircase facing O'Brien Road (for Exclusive Use to Commercial Accommodation on 1/F & 2/F Southorn Centre), Ground Floor Service Lift Area (for Exclusive Use to Commercial Accommodation on 1/F & 2/F Southorn Centre) and Staircase facing Hennessy Road (for Exclusive Use to Commercial Accommodation on 1/F & 2/F Southorn Centre), No. 130 Hennessy Road, Hong Kong;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sub-DMC”	the sub-sub-deed of mutual covenant and management agreement dated 1 September 1997 made between Perfect World Company Limited (an indirect wholly-owned subsidiary of the Company), Viewide Properties Limited and Sunny Ocean Limited;
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules;
“The ONE Properties”	the property known as “The ONE” situated at No. 100 Nathan Road, Tsimshatsui, Kowloon, Hong Kong;
“Windsor House Properties”	the property known as “Windsor House” situated at No. 311 Gloucester Road, Causeway Bay, Hong Kong;
“York Place Properties”	the properties comprising Shop 1 and Shop 2, York Place, No. 22 Johnston Road, Wanchai, Hong Kong; and
“%”	per cent.

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

Hong Kong, 14 August 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.

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