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

DISCLOSEABLE TRANSACTION

DISPOSAL OF NOTES

THE DISPOSAL

The Board announced that on 23 August 2021, the Group, through the Noteholder (being a wholly-owned subsidiary of the Company), disposed of the Disposed Notes in the principal amount of US\$7,000,000 (equivalent to approximately HK\$54,415,000) through over-the-counter market for a consideration of US\$6,838,196.20 (equivalent to approximately HK\$53,157,000) (exclusive of accrued interest). The selling price under the Disposal represented the then prevailing market price of the Disposed Notes at the time of the relevant transaction.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, when aggregated with the Previous Disposals, exceeds 5% but is less than 25%, it therefore constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

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It has also been agreed that the buyer(s) shall also pay to the Noteholder an amount equivalent to the notional interest on the Disposed Notes calculated at the coupon rate per annum on the

principal amount of the Disposed Notes based on the actual number of days elapsed from (and including) 23 May 2021 (being the last interest payment date pursuant to the terms of the Notes) up to (but excluding) the settlement date of the Disposal (subject to the coupon frequency and date count as specified in the terms and conditions of the Disposed Notes). Accordingly, the total gross proceeds to be received by the Group for the Disposal (inclusive of accrued interest) is US\$6,996,960.10 (equivalent to approximately HK\$54,392,000).

Details of the Disposal are set out below:

Principal amount:	US\$7,000,000 HK\$54,415,000	(equivalent to approximately
Consideration exclusive of accrued interest:	US\$6,838,196.20 HK\$53,157,000)	(equivalent to approximately
Consideration inclusive of accrued interest:	US\$6,996,960.10 HK\$54,392,000)	(equivalent to approximately

As the Disposal was made through over-the-counter market, the information regarding the identity(ies) of the buyer(s) of the Disposed Notes and (if applicable) of their respective ultimate beneficial owners and principal business activities was not available to the Company. Accordingly, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the buyer(s) of such Disposed Notes and (if applicable) their respective ultimate beneficial owners are Independent Third Party(ies).

The total consideration for the Disposal is US\$6,838,196.20 (equivalent to approximately HK\$53,157,000) (exclusive of accrued interest) and the gross proceeds of the Disposal inclusive of accrued interest is US\$6,996,960.10 (equivalent to approximately HK\$54,392,000). The selling price under the Disposal represented the then prevailing market price of the Disposed Notes at the time of the relevant transaction.

Settlement of the Disposal will take place on 25 August 2021.

INFORMATION OF THE ISSUER AND THE DISPOSED NOTES

Issuer

The Issuer is Zhongliang Holdings Group Company Limited (中梁控股集團有限公司). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, 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.

The Disposed Notes

The Group had subscribed for an aggregate principal amount of US\$100,000,000 (equivalent to approximately HK\$777,360,000) of the Notes (including the Disposed Notes) on 27 November 2020, details of which were disclosed in the Subscription Announcement. The Notes is denominated in US\$, carries an interest rate of 8.875% per annum from (and including) 23 November 2020 to 22 November 2021, payable semi-annually in arrears. The Notes is listed on the SGX-ST and traded on over-the-counter market.

After the subscription of the Notes, the Group has made the Previous Disposals through over-the-counter market prior to the Disposal. Immediately prior to the settlement of the Disposal, the Group has held the Notes in the total principal amount of US\$62,000,000 (equivalent to approximately HK\$481,963,000), which included the Disposed Notes. It is expected that the remaining aggregate principal amount of the Notes to be held by the Group immediately upon settlement of the Disposal will be US\$55,000,000 (equivalent to approximately HK\$427,548,000).

As at 30 June 2021, the unaudited carrying amount of the Disposed Notes was approximately HK\$53,269,000.

The net profit (both before and after taxation) attributable to the Disposed Notes for the financial year ended 31 December 2020 (represented the results since the subscription on 27 November 2020 and no financial information attributable to the Disposed Notes for the year ended 31 December 2019 is applicable) is as follows:

	For the year ended 31 December 2020 <i>HK\$'000</i>
Net profit (before taxation)	1,138
Net profit (after taxation)	1,111

INFORMATION OF THE GROUP AND THE NOTEHOLDER

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

The Noteholder is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. As at the date hereof, it is principally engaged in securities investment. The Disposed Notes was legally and beneficially held by the Noteholder prior to completion of the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal forms part of the securities investment activities of the Group and is in its ordinary and usual course of business.

The Disposal provides an immediate liquidity to the Group, and allows the Group to re-allocate the proceeds for other reinvestment opportunities when they arise.

Given that the Disposal was conducted through over-the-counter market and the consideration for the Disposal was determined based on the prevailing market price of the Disposed Notes available in the open market, the Directors consider that the Disposal is on normal commercial terms and the terms are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

It is expected that the Group will record a realised loss of approximately HK\$1,341,000 in the financial year ending 31 December 2021 as a result of the Disposal, subject to audit. The realised loss represents the difference between the consideration (before accrued interest) and the carrying amount of the Disposed Notes as at 31 December 2020.

The Directors intend to use the proceeds from the Disposal for general working capital initially, and for reinvestment when opportunities arise.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, when aggregated with the Previous Disposals, exceeds 5% but is less than 25%, it therefore constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is 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:-

“Board”	the board of Directors;
“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;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Disposal”	the disposal of the Disposed Notes;

“Disposed Notes”	the Notes in the principal amount of US\$7,000,000 (equivalent to approximately HK\$54,415,000) which are disposed of by the Noteholder in the Disposal;
“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 Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules);
“Issuer”	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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Noteholder”	Chase Master Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, and the legal and beneficial owner of the Disposed Notes immediately prior to completion of the Disposal;
“Notes”	the 8.875% senior notes due 2021 issued by the Issuer having the same terms and conditions as the Original Notes described in the Indenture (as defined in the Subscription Announcement) which include the Disposed Notes and the Original Notes;
“Original Notes”	the US\$50,000,000 8.875% senior notes due 2021 issued by the Issuer on 23 November 2020;
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules;
“Previous Disposals”	the disposals of the Notes by the Group through over-the-counter market during the last 12 months in an aggregate principal amount of US\$38,000,000 (equivalent to approximately HK\$295,397,000) for an aggregate consideration of US\$35,947,211.50 (equivalent to approximately HK\$279,439,000) (exclusive of accrued interest);
“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;
“Subscription Announcement”	the announcement of the Company dated 26 November 2020 in relation to the subscription of the Notes by the Group;
“US\$”	United States dollar, the lawful currency of the United States of America; 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\$7.7736 for illustration purpose only.

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

Hong Kong, 23 August 2021

As at the date of this announcement, the Board comprised 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>